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# West Europe Report

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## EVIDENCE OF IDEOLOGICAL SPLIT IN RED BRIGADES

Rome LA REPUBBLICA in Italian 30 Dec 81 p 4

[Article by Luca Villaresi: "Leninists and Factionalists vie for Red Brigades' Label"]

[Text] What is going on in the terrorist world? The autumn that the harbingers of spring said would be the season of offensive action passed in silence--the guns were silent, the duplicating machines were silent. Then came December and, in the course of a couple of weeks, an avalanche of documents surfaced from the underground. The Red Brigades, judging by their leaflets and strategic resolutions had definitively split by then. "The more mature part of the Anna Maria Ludmann [column] makes up the 2nd of August column," said a pamphlet that was allowed to be found in Marghera a few days prior to the Dozier kidnapping. Meanwhile, in Rome, the terrorists delivered to the newspapers a voluminous document of more than 300 pages entitled: "Bulletin #4." After the kidnapping in Verona, a telephone caller from the organization that has custody of the American general, referring to Bulletin #4 stated, however, that "that document is not ours. It's from the splinter groups." Communique #2 on the kidnapping states, in short, that "the resultant contradictions have not found solutions within the same organizational structure and the same strategic system."

The summer and the autumn, therefore, passed without sensational external activities because the Red Brigades were occupied, in successive stages, in the closed internal debate that has resulted in the organizational split and the organizational restructuring of the two branches. The split is evident by now, but the geographic and political composition of each faction remains extremely uncertain. Any hypothesis, until one of the two branches decides to furnish some identifying feature of its components, is just a hypothesis. However, it might be possible, on the basis of the few facts that have surfaced, to make some kind of a statement:

First of all - the schism within the Red Brigades is probably the widest yet verified since the birth of the organization. It seems, in fact, that at least in the main cities, each one of the two factions can count on a certain number of converts. The Venice column is split. It was either Bulletin #4 (the one that was marked by the factionalist tendencies of the Dozier kidnappers), or the first communique on the General's kidnapping that arrived in Rome. Members released from jail are present in both groups of mimeographers. The strategic

leadership itself would not have found internal unity: on the one hand (perhaps in the majority) are the orthodox Marxist-Leninists who would be at the helm of a new strategy that envisages a more rigid and centralized organizational structure (the building of the party) and the internationalization of terrorism through exemplary sensational activities and stable connections with other clandestine European groups; on the other hand there are the factionalists who probably would have chosen a less-ambitious, more socially-oriented course (prisons, factories, houses, etc.) and the decentralization of initiatives. And, where Bulletin #4 contains a series of analyses by at least four columns, each one on its own behalf, Communique #2 states polemically: "We refute the logic of partiality, of associations and of negotiations."

Dozier, it seems, is in the hands of the Marxist-Leninists. The common ideology between the Strategic Resolution of Dec 81 and the leaflets on the kidnapping has been made even more apparent by the fact that whole excerpts from the former have been literally transposed in the latter. It is this group, therefore that first took the initiative in trying to assert its superiority over the "factionalists." The latter, who up until now have limited themselves to making their presence known by disseminating theoretical papers, should, for that reason, be able to bring themselves to life quickly, even in terms of action. It is probable that, in the coming months, Red Brigade terrorism (Guelph [clerical] and Ghibelline [anti-clerical, lay] may give rise to a huge parallel offensive--with some continuing along the path of kidnappings and sensational activities against high-ranking targets, and the others along the path of armed propaganda (more in terms of words than killings and knee-cappings) without ever losing sight of a social goal--whether it be the workers in a Turin factory or the poor lower class victims of the Naples earthquake.

Although it is now possible, as is evident, to trace some of the political and organizational lines around which the schisms of the Red Brigades have taken place, it is still impossible (and premature) to ascertain what forces have rallied around one or the other flag. Venetians and Romans, as noted above, are reportedly present in both factions as well as, probably, members of the strategic directorate and of the jail-house coalitions. Those from Genoa and Turin are probably (theoretically, [at least]) with the group that has kidnapped Dozier, but have also participated in the drafting of the factional and divisive document. Analogous considerations may be made concerning those from Naples. What is still a mystery is the fate of those from the Alasia region of Milan. Are these columns split, too? The answer will come during the course of the Dozier kidnapping (a case that, based on these premises, be resolved in a cruel way) and, moreover, with new names claiming responsibility for new activities.

CSO: 8128/9006

## OVER-RELIANCE ON EMERGENCY RESERVES OF COAL, GAS CHARGED

Stockholm DAGENS NYHETER in Swedish 16 Dec 81 p 11

[Article by Mats Hallgren]

[Text] Security of Sweden's energy supplies would not increase if the country relies more on coal and natural gas and less on oil. It is therefore doubtful that the state authorities will use taxes and subsidies to steer demand from oil to coal and natural gas. This claim was made by the branch organization of the oil companies, the Petroleum Institute, in a statement.

"Our viewpoint has greater relevance since it became known that the government is again thinking of raising taxes on oil and gasoline," said Tommy Nordin, executive director of the Petroleum Institute.

Ever since the first so-called oil crisis in the early 1970's the express goal in Sweden has been to spread the risks in the nation's energy supply. Coal and natural gas have been promoted as substitutes for part of the oil. But now the oil branch is charging that this spreading of the risk is more likely to increase the country's vulnerability to supply disruptions.

"Sweden imports oil today from some 20 countries with a good geographic spread. It is doubtful if imported coal from two or three supplying countries can increase security," said Tommy Nordin.

If Sweden had gone in for reliance on coal in the early 1970's we would probably have been very dependent on coal from Poland. How secure that supply source is today is something well known to all, said Nordin.

Natural gas won't increase our security either, says the Petroleum Institute. Natural gas usually comes from the same place as oil and is conveyed in permanent pipes that can easily be sabotaged or damaged in other ways.

"Constant state hikes in oil and gasoline taxes show that coal and natural gas can't compete on their own with oil," said Tommy Nordin. "The hikes also make conditions worse for export industries and raise living costs for homeowners and tenants."

The investments that are required for a broad introduction of coal and natural gas should be put instead into increasing storage of oil reserves, in the opinion of the Petroleum Institute.

## LARGE ENERGY SAVINGS REALIZED IN NORRLAND HEATING TRIAL

Stockholm DAGENS NYHETER in Swedish 17 Dec 81 p 5

[Article by Sture Ryman]

[Text] Norrkoping, 16 Dec--Rental Housing, the municipally-owned housing company in Norrkoping, has "created" a heat balance in roughly 8000 apartments built in the 1950's and 1960's during the past year. Due to this balance the firm's heating costs will decline around 12-15 percent in 1982 and that means 4.2 million kronor.

"When we are all through with our energy package we will reduce costs by 25-30 percent," said property manager Stig Karlsson. "Today we estimate that next year will cost us 41 million, but it is probable that we will reduce our costs by another 10 million."

It has taken the company a year to go through all the apartments. By heat balance they mean that all rooms should have a temperature of 20 degrees [C.].

#### Fantastic Method

To achieve that result they have adjusted the ventilation in 5200 apartments, put time adjustments on 6000 fans and changed radiator valves in 1600 apartments. In addition they constricted recirculating connections in a total of 8200 apartments. This resulted in a slower flow of warm water through the radiators.

Exposed walls were given extra insulation as were many attics. In some houses heat losses were reduced by 25 percent. In future years Rental Housing expects to reduce its costs by 12-15 million kronor a year in terms of today's money value.

"We have had extremely good help from Osten Sandberg from Kiruna," said Stig Karlsson. "He works in an entirely unconventional way and stands all previous ideas on their heads. To compare his methods of achieving heat balance we have changed 3300 apartments according to Sandberg and 4900 according to the recommended methods. Sandberg's efforts were clearly better," said a very satisfied Karlsson.

"We have borrowed 10 million for this work but that will soon be paid off."

6578

CSO: 3109/69

## BRIEFS

ENERGY CONSERVATION REPORT--Sweden's energy consumption continues to decline. Since 1973, one of the oil crisis years, the reduction has been 1 percent a year on the average. This is mainly due to weak industrial development. This was part of a report by the Energy Savings Committee to the government. The committee stressed that the state authorities must do something to further reduce energy consumption for heating buildings. Parliament has decided that 3 percent a year is the energy conservation goal for buildings. Now only 0.6 percent a year is saved and therefore harder steps are needed. Industrial energy use has declined 1.6 percent a year since 1973. The Energy Savings Committee is now expecting a better economic development which will lead to somewhat higher energy consumption. [Text] [Stockholm DAGENS NYHETER in Swedish 16 Dec 81 p 11] 6578

FIRM FINDS NORTH SEA OIL--Saga Petroleum has made the first big find of gas and oil off central Norway. In a block bordering the block in which Volvo owns 10 percent two gas-containing strata have been found. Unfortunately the new find does not mean great expectations for Volvo's share; on the contrary the chances that Volvo will get any oil or gas from Haltenbanken seem to have been reduced sharply. From what DAGENS NYHETER has learned it is probable on the contrary that the chances for oil finds in Volvo's block have become so small that Saga will try to get out of drilling the third hole which it promised the Norwegian state in the contract to drill in return for retaining the right to the concession. [Text] [Stockholm DAGENS NYHETER in Swedish 19 Dec 81 p 8] 6578

CSO: 3108/69

## SPAETH ON COALITION CHANGE, ECONOMIC STRATEGY

Duesseldorf WIRTSCHAFTSWOCHE in German 30 Oct 81 pp 17-18

[Interview with Lothar Spaeth, minister president of Baden-Wuerttemberg, by WIRTSCHAFTSWOCHE. Date and place not given: "I Think We Should Consider New Elections"]

[Text] [Question] Mr Minister President, the mood in the social-liberal coalition in Bonn is one of impending doom. To seize the reins of government, what should the Union do now?

[Answer] Above all, the Union must not concern itself with the coalition's condition at any given time. The crucial question is: Among the voters, how much confidence does the Union enjoy? Increasingly, the citizens want to see that there is an alternative--the Union, which in these difficult times is offering a pragmatic plan for getting out of the impasse.

[Question] The CDU needs the FDP for bringing about a premature change of government. Is the Union sufficiently attractive to the FDP?

[Answer] We should not constantly ask ourselves what we should do to gain the FDP's sympathy. Either the FDP realizes that in pursuing its policy it becomes untrustworthy, because it has to abandon its political conception so as to remain in the coalition, or there will arise a situation, where the present FDP- and SPD-voters say: We now will vote for the CDU, because its conception is more convincing. But keep in mind that we do not have to accommodate our conceptions to the FDP--just consider the statements made by Lambsdorff and Genscher in the discussion concerning the package of cutbacks and you will see that they are close to our line.

[Question] So you expect a coalition change?

[Answer] At this point, one should not indulge in speculations. However, if the coalition shows that it does not want to or is no longer able to continue, then the strongest force, i.e. the Union, is confronted with the question: What are we going to do now? If our approach is the correct one, it will not be difficult to find a coalition partner or to obtain absolute majorities.

[Question] Do you consider new elections to be a way out of the crisis?

[Answer] In the event of a break-up of the coalition, I think new elections are worth considering.

[Question] With the two-thirds majority of the Bundesrat [Upper House], the Union could force the Federal Government to take economy measures. Will the Bundesrat consent to the Federal Government's plan to cover the newly discovered billion-mark deficits with the Federal Bank profits?

[Answer] I proceed from the assumption that the Bundesrat will not go along. For this will not eliminate the problems. One must cut expenditures--there is no other way.

[Question] In your opinion, how big a cut will be necessary?

[Answer] At least as much as 10 billion.

[Question] In contrast to other leading Union politicians, you want the Union to present clear alternatives in Bonn. Exactly what alternatives?

[Answer] I don't think the Union should propose anything now. An opposition has only one task, namely to point out misguided developments and to indicate that it would have the courage to intervene in these misguided developments, if it carried responsibility. The Union must derive its alternative, its entire conception, from the key principle of solidarity and subsidiary conduct.

[Question] Please name a few examples.

[Answer] Subsidiary conduct means that everyone in this state must assume some individual responsibility. We must tell the citizens that we cannot dispense with a health insurance contribution on the part of the pensioners. We must have the courage to tell the workers that they must carry part of the life risks—I need only mention here the problem of continued payment of wages. Another example: The progressive increases of the gross wage-based pension; why should the pensioners obtain greater net gains than the workers? Our social security payments amount to DM 130 billion. Of this total, the first 100 billion can be left untouched. But why should we not reconsider taxation of the high social security payments? Especially since every citizen senses that it is outrageously unjust that a childless two-income couple has at its disposal a net per capita income that is disproportionately greater than the per capita income of a family with three children, in which only one member holds a job. The family that raises the social security payers of tomorrow makes a lot of material sacrifices, as compared to the childless family. Nevertheless, marital partners, both of whom have held a job, not only have the highest net income, but also the highest social security claim.

[Question] In regard to economic policy, what is the Union's strategy for the 1980's?

[Answer] In my view, the situation is as follows: The economy is hurting due to the insufficient investment volume. We are an export-oriented nation. Our domestic market is small and we are not able to expand it as much as would be necessary. Demand is declining, and as an export-oriented nation we cannot afford to engage in protectionism. For this reason, we need a branch-related, national export strategy.

We will lose more and more wage-intensive jobs and there will be bankruptcies. In order to be able to do away with the large number of wage-intensive jobs and to create new jobs, we need a basic investment policy oriented toward new technologies such as the communication technologies or the nuclear power sector. Our strong point is production, not only the service apparatus. As a result of the collapse of the state budgets, the public services that were supposed to absorb the excess labor have disappeared.

[Question] What do you mean by basic investment policy?

[Answer] We need investment capital. All of my considerations focus on cutting back expenditures on consumption. Even as long as 10 years ago, we lived quite well in the Federal Republic. So if we reduce consumption by 5 percent, these cutbacks will release the investment capacities that are so urgently needed for the future. Naturally, this will result in a gigantic shift of capital to the enterprises. Consequently, I advocate formation of wealth by labor. And thus the circle is completed, for as labor accumulates assets, I can press for increased individual responsibility.

[Question] And that means increased codetermination as well?

[Answer] I am in favor of increased codetermination. The new generation of employers is fully aware of the fact that it can protect its assets only if the employees are given a share. And the anonymous joint-stock companies probably would be glad, if instead of bank loans they had more worker capital.

[Question] In the short term, what would you do against unemployment and economic recession?

[Answer] My policy is to make steps in the right direction within the framework of a long-term plan. As regards unemployment: There is indeed a dangerous situation in regard to the older employees who as a result of bankruptcy lost their jobs; besides, there is the problem concerning the handicapped and finally, unemployment of part-time workers. We will have to clear up the unemployment statistics.

[Question] Concretely, what would you suggest in this connection?

[Answer] It is an impossible situation to have a high unemployment rate and at the same time a large number of open positions that are no longer reported to the labor exchange. What would happen if in regard to the placement of unemployed I were to tighten the regulations concerning acceptability of work? If I broadened the range of acceptability and cut by 50 percent the unemployment compensation for anyone refusing to accept three jobs in a row? Secondly, I would stipulate that all those--e.g. women holding half-time jobs--who give up their job and promise not to apply for work in the next 5 years be provided with one-time compensation. Thirdly: Foreigners who are prepared to return to their homeland should receive compensation.

[Question] But of these proposals, only very little is reflected in the Union's party congress proposals. These proposals only mention job-sharing and an augmentation of part-time jobs.

[Answer] You are right, that is still insufficient. That is why the Baden-Wuerttemberg CDU has submitted a revision proposal in this field, which is yet to be discussed.

[Question] In the key proposal, the CDU's federal executive board also calls for a higher degree of federalism.

[Answer] Consider housing construction--a sector that is totally deadlocked. Here the solution must be supplied by the individual states, for the problems confronting the city state of Hamburg are different from those of Baden Wuerttemberg. One could argue that especially in times of financial strain federalism offers the chance of solving the problems through a number of different approaches and of showing through competition among the states that irrespective of party politics this or that conception is the best.

[Question] Right now your conception for the CDU is competing with other CDU strategies. Are you also competing for nomination as the Union's chancellorship candidate?

[Answer] No, I am not in the running. Our man is Helmut Kohl.

8760  
CSO: 3103/107

## 'SWING' EXTENDED THROUGH JUNE, POSSIBLE REDUCTION SEEN

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Dec 81 p 13

[Article: "Preliminary Agreement About 'Swing' Between Bonn and East Berlin--Extension Next Thursday/New Negotiations At The Leipzig Fair"]

[Text] Bonn, 14 Dec--The director of the former "Trust Agency for Inter-Zone Trade," now called "Trust Agency for Industry and Trade," Ministerialrat Franz Roesch, will conclude next Thursday in East Berlin with the main department head of the GDR Ministry for Foreign Trade, Karl Keilholz, a supplementary agreement on inter-German trade through an exchange of letters. This agreement will extend the overdraft credit for inter-German trade ("Swing") of up to 850 million accounting units until 30 June 1982. Following the talks between FRG Chancellor Schmidt and GDR State Council Chairman Honecker on Werbellin Lake, both sides will investigate by that date whether this credit could be continued thereafter in the form of a longer term arrangement.

In Bonn's perception, this vague statement of intentions does not permit a conclusion as to the future configuration of the "Swing." A statement by the FRG Ministry of Economics last Monday said that many possibilities are conceivable. True, FRG Minister of Economics Lambsdorff had made it clear to the East Berlin leadership that a continued, unchanged "Swing" would have to fit in with the overall political context of the relationship between the FRG and the GDR. That means that the GDR would be given the same amount of credit only if East Berlin is willing to make changes in the minimum exchange rate and travel regulations. At the Leipzig Spring Fair, Lambsdorff plans to make an interim accounting with Politburo member Guenter Mittag, who is responsible for economic matters, and to discuss future proceedings with him. Since the "Swing" is presently utilized only to the DM 650 million level, Bonn is exploring all possibilities for lowering the credit allocation to that amount.

At the same time, the FRG government must come to an agreement with the Frankfurt Bundesbank concerning future financing of the loss of interest income resulting from the "Swing." It has been reported that in view of a loss of more than DM 10 billion in favor of the federal budget, the Bundesbank does not wish to continue to bear this loss of interest. Bonn is however refusing to set this amount aside in the federal budget, because this would firmly establish the "Swing" as a state grant to the GDR. In Bonn, it is considered possible that the Bundesbank will be permitted to deduct the loss of interest income from the earnings it transfers to Bonn and that in the future appropriate provision will be made for this.

9273  
CSO: 3103/160

## PARLIAMENT PASSES FISCAL YEAR'S FINAL SUPPLEMENTARY BUDGET

Helsinki HELSINGIN SANOMAT in Finnish 11 Dec 81 p 15

[Text] The Parliament on Thursday passed the third or the last supplementary budget of the year. The supplementary budget totals 1,877 million marks. The supplementary budget contains compensation for agriculture's crop losses. The remainder of the compensation will be paid next year.

On Thursday, only a technical correction was made in the supplementary budget. Additionally, the opposition in vain attempted to get additional money for crop loss compensations.

Toivo T. Pohjala of the National Coalition Party led the criticism against the crop loss compensation. According to Pohjala it is incomprehensible that the Cabinet seemingly is not capable of quickly attending to the matter but postpones over one-half of the compensation to be paid next year.

"Nobody knows in advance what the governmental situation in the nation will be like after the elections. The compensation for failure of crops may therefore be delayed."

Pohjala suspected that the intention was to attach the compensation to the agricultural income resolution, in which case the compensation can be obtained from the farmers themselves.

Helge Saarikoski of the National Coalition Party said that this was comparable to a situation, where salaried persons' salaries would be defered until the coming year. Veikko Venamo of the Finnish Rural Party in turn criticized the Cabinet, the Center Party and the Central Union of Farm Producers for regarding the presidential game as more important than the compensation for crop failure.

A statement of the Cabinet parties was given by Heimo Linna (the Center Party). Linna said that talk about covering the supplementary budget was begun by others than members of the Center Party. Thus, the Cabinet in January had to pass a new supplementary budget, which includes the remaining crop loss compensation.

In his speech Linna referred to the National Coalition Party, which, in connection with the previous supplementary budget, strongly criticized the practice of supplementary budgets which have not been provided with individual funding.

Both the National Coalition Party and the Rural Party proposed that the complete compensation for crop failures be included in the supplementary budget now being discussed. Pohjala's proposal, which cleared to the final voting, was defeated 98-42. The defeated proposal was supported by the opposition and, of the Cabinet parties, by Ingvar S. Melin of the Swedish People's Party.

The Parliament removed the 500,000 marks subsidy to Saimaan Laivat Ltd from the supplementary budget, because the company has filed for bankruptcy. The Parliament increased the occupational support of young persons by 560,000 marks.

9718

CSO: 3107/36

## ARTICLE ANALYZES NATURE OF TRADE WITH EAST BLOC

Helsinki HELSINGIN SANOMAT in Finnish 15 Dec 81 p 33

[Text] The credit limit of trade between Finland and the Soviet Union has now been exceeded twice. At the end of November the outstanding credits due Finland already totaled 307 million rubles or nearly 2 billion marks.

Finland and the Soviet Union have agreed on the credit limit of 150 million rubles in their mutual trade.

Finland's exports to the Soviet Union have reached a record during the past year and so the trade between the countries has turned a surplus for Finland. It seems now that the trade will remain in surplus for Finland all next year.

What lies in the future for the bilateral credit system based on exchange of goods? Finland today is almost the only Western country engaged in bilateral Soviet trade based on so-called clearing accounts.

In the Finnish-Soviet trade large deviations become visible in easing or tightening the money market. Today, the progress in exports to the Soviet Union has unburdened the Finnish money market an estimated 2 to 3 billion marks.

Ship deliveries, frontier trade projects and other export deliveries have started an even stream of money into corporate bank accounts. This in turn has led to companies having less need to take recourse to the daily credit market of the Bank of Finland, so an ordinary bank customer can more easily receive a positive answer to his loan enquiry.

Surpluses and deficits in the East trade generally have been balanced by the end of the year. The balances of the clearing accounts, however rarely are zero, but almost without exceptions one of the countries engaged in bilateral trade is the debtor and the other the receiver.

Since 1951 Finland and the Soviet Union have agreed upon their bilateral trade through 5-year trade and payment contracts. Currently the seventh 5-year contract covering 1981-85 is underway.

## Regulations on Exceeding

The payment contract contains regulations in the event that the clearing account balance due exceeds the agreed upon credit limit. The contract derives from a three-phase method.

In the first phase each country must strive toward a solution through negotiations. The situation can be corrected by buying more goods to eliminate the surplus. This is one solution, and the one most likely for Finland's current surplus in the Soviet trade.

If no mutual understanding is reached through negotiations within reasonable time, the country demanding the outstanding payment can interrupt the export deliveries for a period of time.

The third alternative for the receiving party is to demand that the sum exceeding the credit limit to be paid in convertible currency or in other currency agreed between the central banks of the countries.

In practice the attitude toward exceeding the credit limits has been flexible. At the end of last year Finland remained in debt to the Soviet Union by approximately 1 million marks. The deficit was caused almost exclusively by the price boom of crude oil imported from the Soviet Union.

The Soviet Union, however, did not demand a balancing of the clearing accounts in convertible currency, for example in dollars, but the situation was corrected by additional exports from Finland to the Soviet Union.

Since the oil price has been stable for a long period and Finland's exports have continued the same and perhaps increasing, a reversed situation has evolved. Finland now should bring in goods from the Soviet Union for nearly 2 billion marks in order to rebalance the trade.

## Credits Were Established Later

Originally the clearing system did not contain credit insurance between the countries. Payments were made only if there was a balance on the account. Before World War II it sometimes happened that counter purchases in the Finnish-Soviet trade had to be awaited for months before the other party brought in the desired goods.

This is history and now the parties grant each other credit and thus the payment traffic does not depend on whether the account currently has a balance or not. Today the accounts also are free of interest.

The Bank of Finland estimates that by the end of the year the balance of the clearing account of Finnish-Soviet trade will decrease to 200 million rubles or approximately 1.2 billion marks, but even then it will be exceeded by 50 million rubles.

Officially the credit limits can be exceeded for no longer than the period of 4 months but in practice this regulation has not been significant.

After the first oil crisis Finland was in debt for over half a year. Then, from the beginning of 1975 up to the end of 1979 Finland has had a steady balance in its favor, averaging 100 million rubles.

The easiest and the fastest way to restore the balance is by paying the outstanding debt in convertible currencies. This method, however, has only been resorted to a few times in the 1950's.

During the 30 years of applying the current payment system deficits, surpluses and credit exceedings have nearly always been handled through negotiations and through supplementing the trade.

"The account balances of a certain date or month only carry a curiosity value," says the East Trade Department chief of the Bank of Finland, Kari Holopainen.

"According to the recently signed minutes the exports from the Soviet Union seemingly will grow during next year and our exports will remain on this year's level."

#### Convertible Currency Trade Sometimes Discussed

Ever since the end of the 1960's there has been occasional discussion at the meetings of the Finnish and Soviet trade delegates on switching over to use of convertible currencies in the trade between the countries.

"The initiative has always been taken by the Soviet side. Yet, there is nothing dramatic about this other than natural discussion between trade partners," stresses Holopainen.

Finland today is the only Western country using the clearing payment system. The socialist countries do their trade with the Western countries in convertible currency.

Finland has bilateral trade with six countries. They are Bulgaria, GDR, the Soviet Union, Romania, Hungary and China. The clearing payment system also is applied to all of these countries.

Starting next year transfer to convertible currency will take place with Romania and most likely with China starting in 1983.

If Hungary is accepted as a member of the World Bank and the International Monetary Fund [IMF], then Hungary also will be dropped off Finland's clearing list. The reason for this is that the membership in the International Monetary Fund allows no bilateral payment arrangements. Finland has been a member in the International Monetary Fund for over 30 years.

From the 1950's the International Monetary Fund has striven to decrease the number of clearing contracts between the member countries and the countries outside the fund. The Soviet Union is not a member.

The IMF reasons for this recommendation is that a clearing system restricts the trade between two countries and discriminates against Third World countries. In Finland such impressions have been defeated.

#### Finland Is Exception

Finland is the only developed Western country that the Soviet Union does bilateral clearing trade with. The current system will be in force until the end of 1985.

"I personally believe that the system will be in use beyond that time as well," thinks Holopainen.

According to Holopainen in Soviet trade the decrees on goods exchange must be emphasized; these create the actual foundation to the clearing system.

The clearing system has been criticized because it restricts the development of trade, since exports cannot exceed imports. Therefore, the trade is determined by what the smaller party can import. As to Finland this, however, has not been true.

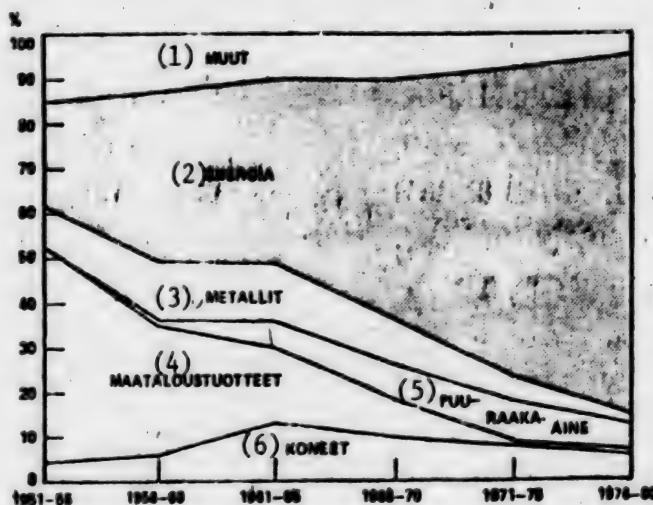
One of the good points of this is that Finnish companies within this system have the foremost advantage in competition for the Soviet market. On the other hand, Finland has been able to pay for the oil and raw materials by labor and exports of goods to the Soviet Union. The dramatically hiked energy bill can be paid without falling into debt.

Oil imports from Saudi Arabia, for instance, are paid for in convertible currency, in dollars. The balance of trade is in deficit.

If convertible currency were used in the Finnish-Soviet trade there would be no guarantee that the Soviet Union would use the currency earned from Finland for purchases from Finland.

Experts are almost unanimous that the current payment system of the Finnish-Soviet trade is particularly favorable to Finland and that the Finns must strive to continue it as long as possible. It has also been said that today's economic wonder would not have happened if the energy bill could not have been paid in additional exports to the Soviet Union.

The Structure of Finland's Imports From the  
Soviet Union in 5-Year Periods



Key:

1. Other	4. Agricultural products
2. Energy	5. Wood raw material
3. Metals	6. Machines

Finland's Payment Arrangements With the Socialist Countries

Clearing Agreement

Country	Regulations concerning exceeding the credit limit
Bulgaria	Amount exceeding limit automatically rendered in convertible currency
(China)	Amount exceeding limit rendered in convertible currency
(Romania)	Amount exceeding limit automatically rendered in convertible currency
GDR	Negotiations on measures or amount exceeding limit rendered in convertible currency
USSR	Governments will take measures to eliminate exceeding. If not eliminated the receiver can demand amount in convertible currency
Hungary	Limitation on export licenses or amount exceeding limit will be rendered in convertible currency

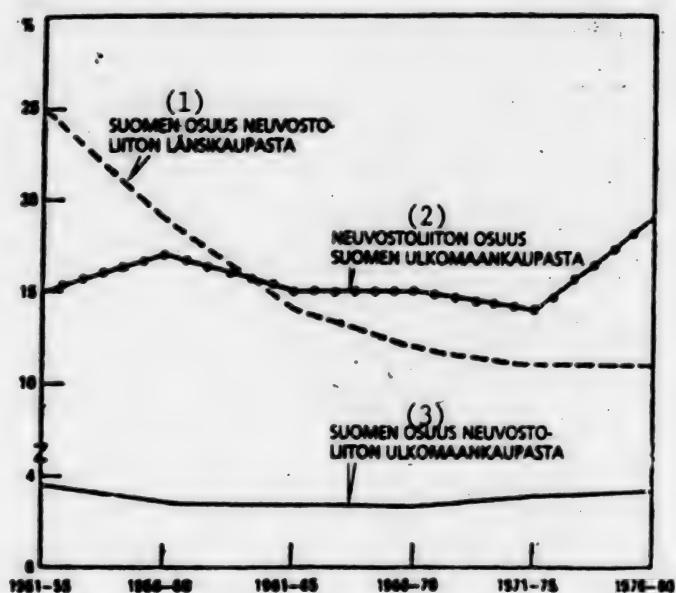
The So-Called Convertible Currency Experiment

Poland	Clearing payment agreement still formally valid
Czechoslovakia	Use of convertible currency will be agreed upon each year

The Convertible Currency Basis

Other socialist countries

### Distribution of Trade



Key:

1. Finland's share of the Soviet Union's West trade
2. The Soviet Union's share of Finland's foreign trade
3. Finland's share of the Soviet Union's foreign trade

9718

CSO: 3107/36

## SIGNORILE INTERVIEWED ON DEVELOPMENT OF SOUTH

Rome RASSEGNA SINDACALE in Italian 12 Nov 81 pp 26-27

[Interview with Claudio Signorile, minister of state participations, by Anna Avitabile]

[Text] A discussion has been going on for almost 2 years concerning the reform of the special state participations program, while the old law (No 283) continues in force during its extension period. The problems to be dealt with today are more complex, however. Today, for example, participation does not take place on the basis of a homogeneous reality but on the basis of a reality that has been profoundly diversified, while on the other hand the role of the autonomous local governments has been consolidated even in the South. Given this situation, does it still make sense to speak in terms of special participations? How should the Southern Italy Development Fund be restructured? We asked these questions of Claudio Signorile, minister of state participations in the South.

[Question] For some time there has been general agreement on the advisability of channeling government assistance primarily to those enterprises in the South that provide public services. Specifically, what measures are projected for inclusion in the new legislation to be introduced in behalf of the South?

[Answer] By "public services" what is meant primarily is the provision of energy at low cost; an overall program of more efficient transportation; telecommunications services that are at last up to European standards; marketing services; and services providing advanced technical and technological assistance. Within this framework it is possible to take action in several different directions. First, action can be taken under the terms of the agreement which the ministry proposes to conclude with the ENEL [National Electric Power Agency] and SIP [Italian Telephone Company] (and also with the SNAM [National Gas Pipeline Company] and FFSS [expansion unknown]) to supply advanced infrastructures to certain centers of development in the South. Second, the action can take the form of supplying "equipped areas" in a manner different from the way in which the traditional infrastructures were developed. In this respect it is based on the law concerning the earthquake, which law entrusts to FIME [expansion unknown] the restructure of these "equipped areas." After this model has been implemented in the earthquake-affected areas, it must be extended to the rest of the South. Third, consideration is being given to the manner in which the incentives policy should be linked to the process of absorbing new technology. This problem of the transfer of technology is extremely complex and must be attacked from three directions. One direction relates to the qualifications of

management, because it is difficult to absorb technology in the absence of trained managers. Secondly, an "innovations and technology bank" must be created, but on a model different from those now in existence; this is because a genuine industrial culture is lacking in the South, and a structure of traditional type would run the risk of not being utilized or of being underutilized. Thirdly, an analysis must be made of demand, because new technologies can be assimilated only in a context of well-defined expansion and constant growth in demand.

[Question] There is frequently talk of reforming the structure of the Southern Italy Development Fund, which should concentrate its participation on the major special projects. What changes are planned for this entity with a view to increasing its operating capacity and efficiency?

[Answer] The changes to be made in the Southern Italy Development Fund are profound in character. In the meanwhile, it is proposed that the fund be transformed into a company which would be financed through the medium of projects, and there has already been much discussion of this proposal. Moreover, consideration must be given to the fact that the fund runs some risk of being suffocated by the problem of managing these projects which it has itself carried out. In other words, the execution of a given project clearly falls within the scope of special participations, but management of the completed project should be a function of regular participations. If we compel the fund to bear all the costs of managing these projects, the managerial function will become a paralyzing burden and lead to inefficiency in the operation of the fund. The proposal therefore calls for separation of the fund's managerial role as developer of the major regional projects from the role of managing the already existing properties, and on the other hand for separating those financial functions which are still being performed by the fund (such as the entire incentives program and the supervision of the related entities) from the part of the fund that carries out the participations in the territory. In this way procedures will be rendered more expeditious, thereby enabling the interventions to be carried out with greater efficiency. Essentially, the plan calls for making a very clear distinction among the three levels of a participation: the political and planning decisions; design and execution; and the managerial function.

[Question] What effects have the special participations in the South had in terms of governmental capacities and in terms of giving greater responsibilities to the local governments? In what way do present plans call for formulating the inter-relationship of the regular governmental administration, the interventions by the fund, and the local governments?

[Answer] In carrying out the special projects, attention has been given--in this connection--to a strongly pathological element, namely the jurisdictional disputes which arise over the participations between the central government on the one hand and the regional and local governments. The procedure for dealing with the problem correctly is contained in the so-called "planning agreement." When participation takes place on the basis of a joint region-local government-fund (or company) project, each of these entities will find--within the scope of its own jurisdiction--the kind of operation to be carried out, following which the project is undertaken and each governmental entity is obligated to observe the corresponding time-tables unless there is the possibility of an extension of time limits. In addition to the major projects there are also the regional projects for which the regions--from the moment the 3-year plan for participations in the South is formulated--know

they have at their disposal a share of the special participations. As a third possibility for planning and participation, there is talk of a new subjectivity in the South, in particular as regards the local governments of the municipality type and above all as regards the commission type. Even the latter should have the opportunity to formulate participation projects and obtain financing, subject of course to certification of compliance. Here, too, clarity in respect to principles can be of assistance. A special intervention should have a differential of efficiency vis-a-vis a regular intervention: a genuine instrument for planning. Any disputation is irresponsible.

[Question] The most recent SVIMEZ [Association for the Industrial Development of the South] report confirms that progress in the various areas of the South has been uneven. Is it planned to adapt the participations to these differences that exist in practice? In particular, are there plans to redefine the territory that is the object of a special participation?

[Answer] It is certainly true that the development of the South--just as the development of all countries that have experienced marked growth over a long period of time--is proceeding in an uneven fashion. This unevenness is not simple in nature, however; that is to say, it is not just a case of relatively more developed areas and relatively less developed areas. Differences of this kind do exist, but there are also sizable blemishes where this development has degenerated, as for example in the metropolitan areas. For this reason we decided to divide the South into four types of territories. To begin with, there is the type of territory in which it is (or almost is) no longer necessary to carry through to the end the policy of special intervention (for example, the provinces of Latina and Ascoli) and in which a policy of incentives for private industry will be maintained. Then there is a part of the South which we can define as "intermediate," in which fairly widespread industrial economic development is taking place. Lastly, there is a part of the territory that is still in a condition of backwardness--in particular, Calabria and the Basilicata--where the incentives have been increased by 10 percent over the average for the South. There are also the metropolitan areas of Naples and Palermo (and others now in process of definition), where the problem is being dealt with in terms of infrastructural participations. Here, however, it is not possible to limit oneself to a bookish division of the territory on the basis of statistical parameters. One must also take into account the social condition of the South; the dynamics of forces and values; the gradual rediscovery of a new capacity on the part of the South to play a leading role in the national crisis. What I wish to say is that a policy for the South today must be based on a great movement of interests and ideas or be doomed to remain "on the back burner" insofar as the government's decisions are concerned. I believe the most urgent task is to accelerate this movement and this awakening of the awareness of the productive forces of the South.

10992  
CSO: 3104/57

**LAMA'S PROPOSALS ON SCALA MOBILE CRITICIZED**

Rome L'ESPRESSO in Italian 29 Nov 81 pp 271-273

[Article: "Lama Under the X-Rays"]

[Text] The CGIL secretary's proposal regarding the "scala mobile" is a very bad one, according to Giorgio Ruffolo's CER [expansion unknown]. A 4-trillion-lire "hole" would be opened in the national budget. The balance of payments would be adversely affected.

Rome--The CGIL proposals for containment of the cost of labor within the 16 percent inflation rate recommended by the government lend themselves to various possible interpretations, especially as regards the characteristics and size of the tax reduction. The diversity of estimates advanced with respect to the impact which such a tax reduction would have on the national treasury reflects this diversity of interpretations.

A close reading both of Lama's speech and of the IRES [CGIL Research Institute] documents which were distributed to the CGIL congress leads one to believe that the most plausible version of the proposal is certainly not a complete rollback of the wage increment in order to bring it within the limit of a 16 percent increase over the previous year, but rather the prevention of this increment from being a drain on the public finances. What are the implications of this latter hypothesis, which is the one adopted for the purposes of the CER estimates? It means that fiscal pressures would remain unchanged until such time as the nominal increase in gross income exceeds the current increase in prices: that is to say, the progressive nature of the tax should be eliminated vis-a-vis the increases in nominal income that do not give rise to an increase in real income.

By way of illustration, let us look at the table. The first column gives the 1981 estimate for the gross average wage of employees in industry; for the net wage (obtained by subtracting the social charges from the gross wage); and for the net taxes deducted (including the latest tax reductions). The second column gives some figures to indicate the evolutionary trends in these categories during 1982--trends which in the absence of government intervention would make it possible to leave the "net real" income of industrial workers unchanged: gross income would probably increase by more than 23 percent while prices would probably increase to a lesser extent, but because of the tax burden net real income would not be increased. In the third and fourth columns it is assumed that prices and wages would both increase

by 16 percent (as will be stated, the model used shows that with gross wages increasing by 16 percent prices increase to an almost equal extent.) The third column incorporates no additional tax reductions other than the ones already granted, while the fourth column incorporates the "Lama" tax reduction. If one adopts this latter hypothesis, net real wages remain unchanged; whereas if the former is adopted they are reduced by more than 2 percent. The Lama tax reduction amounts to maintaining the 1981 tax burden unchanged.

#### Evolution of the Average Industrial Wage

(An employee with a wife and two dependent children--in thousands of lire)

	<u>1981</u>	<u>1982</u>	<u>1982 at 16 percent(b)</u>	
			<u>Without additional tax reductions</u>	<u>With CGIL tax reductions</u>
	<u>(a)</u>	<u>Spontaneous evolution(a)</u>		
Gross wage	10,840	13,370	12,580	12,580
Social contributions (7.8%)	845	1,040	980	980
Net tax	1,190	1,830	1,620	1,380
Tax burden (in percentages)	11.9	14.8	14.0	11.9
Net wage	8,805	10,500	9,980	10,220
Purchasing power (changes--given as per- centages--in the net real wage, in 1981 lire)	--	0	-2.4	0

(a) CER estimates, applying the hypothesis (both for 1981 and for 1982) of the "Formica" tax reduction.

(b) With prices and wages increasing by 16 percent in 1982.

First of all, what effects would the Lama proposal have on the evolution of the economy in 1982? Holding gross wages within the limit of 16 percent would cause: a) a reduction of more than 3 points in the rate of inflation, which--thanks also to a substantial decline in the rate of increase in the prices of imports paid for in lire--would likewise come to around 16 percent; b) an increase--in real terms--of slightly less than 1 point in the rate of growth of the gross domestic product; c) a smaller decline in overall investment; and d) a somewhat larger increase in exports. Everything would turn out all right, then? Not exactly: not enough to be indifferent to the cost this would entail for the national budget. In 1982 a higher rate of growth in domestic demand would cause a significant increase in imports--an increase that would not be compensated by the increase in exports--with the result that the balance of current payments with foreign countries would worsen. The improved competitive position would produce positive results only in the second half of the year and especially in 1983, while initially it would be translated into a recovery of margins of profit.

What burdens will this proposal place on the national budget? At the risk of boring the reader, it is necessary to go into some detail in order to show, among other things, the extent to which certain "snap judgments"--made by supporters and opponents alike--were indeed hasty. The proposal has a true and inherent cost that derives from the tax reduction. There is also another--a "virtuous"--cost, namely that if the rate of inflation is reduced and nominal income increases to a lesser extent the state will collect less revenue in the form of taxes, both direct and indirect--a result that one certainly cannot deplore, after having deplored the rise in revenues which was caused primarily by inflation. To offset the reduction in revenues there will then ensue--through the direct effect and also the "virtuous" effect--a reduction in expenditures in both the short and the medium term: in the short term because the reduction in the rate of inflation will make possible--notwithstanding the increased budget deficit--some decrease in interest rates and therefore in the interest burden on the budget, and in the medium term because there will be a reduction in those expenditures which are subject to delayed indexing, such as pensions. If we limit ourselves to 1982, however, the reduction in revenue resulting directly from the Lama tax reduction would probably be on the order of 2.8 trillion lire, and the reduction resulting from the "virtuous" effect on the order of 1.9 trillion. It is naturally assumed that the tax reduction granted in 1981 would in any case be repeated for 1982: in the unlikely event that (in the absence of agreements with the union) the 1982 taxes are "increased" over the 1981 rates (by not renewing the deductions granted in late 1981) another 2.1 trillion lire would have to be added. The effect of the "virtuous" reduction would also be extended to the social contributions and to the indirect taxes. There would also be (as has been stated) a reduction in expenditures that could come to more than 4.5 trillion lire. The current government deficit would definitely increase by approximately 4 trillion lire (provided, however, that the tax reductions already granted are renewed) and by approximately 6 trillion in the more serious event that the reductions are not renewed, in the absence of an agreement). The increase in the deficit will prove in the future to be less, if the medium-term effects of which we have spoken are taken into account.

Over and above these quantitative estimates, the Lama proposal gives rise to other problems. An initial problem relates to the fiscal technique for applying the tax reduction only to the earnings of employed persons without committing unconstitutional errors.

A second problem arises from the proposed controls over the points on the scala mobile. Under the 16 percent hypothesis there would be some increase in profit margins even without controls. Controls would further increase the deficit and run the risk of going for naught if they merely served to increase profits or leave room for greater contractual demands. The latter hypothesis is not at all improbable: in the light of the 1981 scala mobile and ensuing developments, the hypothesis of 16 percent indeed leaves virtually no room for contractual demands.

#### Bank of Italy: The CGIL Takes Us to 18 Percent

Rome--It has been a feverish labor, without respite. Gradually, as Luciano Lama's proposal on economic policy and the fight against inflation were clarified, calculations were revised and new totals obtained. Everything came together on the tables of the "pool" of economists commissioned by the leadership of the Council headed by Mario Arcelli, because it was necessary to provide the basic elements for

Giovanni Spadolini's concluding address to the CGIL congress. The customary memorandum from the Bank of Italy to Chigi Palace was postponed almost on an hourly basis because of the new calculations and elaborations which the "pundit" of Via Nazionale served up every time some new element, new variant or new piece of information was introduced.

But at last the picture was complete. The computers of the central bank had given their response. If wages are pushed beyond the 16 percent figure, the inflation ceiling will definitely be overshot and rise to 18 or perhaps 19 percent. It may be that inflation can be held to 16 percent only if the contracts are frozen at 45 points on the scala mobile. This would be the equivalent of a 16 percent increase in the cost of living but would cause wages to rise by only 12 percent (which could go to 14 percent by taking into account certain automatic provisions already present in the labor contracts). If the 45 contingency points subsequently had to be dispensed with (and therefore become the equivalent of at least 60 or 61 gross points of the 1982 tax), the result would be a burden on the national budget of at least 5 or 6 trillion lire--and the entire "recovery" house of cards would collapse.

10992

CSO: 3104/56

## VIEWS ON SPECIAL POWERS FOR NEW GOVERNMENT

Justification by Jean Gol

Brussels LE SOIR in French 30 Dec 81 p 2

[Interview with Jean Gol, deputy prime minister and minister of justice, by G. Dt. of LE SOIR; date and place not specified]

[Text] Jean Gol, deputy prime minister and minister of justice, is in a sense the father of the special powers legislation. On Monday he defended his child before the Chamber special committee studying the bill. We questioned him following this first day of discussion.

[Question] Why is the government asking for special powers?

[Answer] This has been done in Belgium several times in the past when the situation was much less serious than it is today. Thus, for example, in 1966, Achille Van Acker, then an informant, said that the government could not pull through without special powers. It is true that at the time Belgium was going through a mild recession: 49,000 completely unemployed (we have 400,000 today); 3.5 percent increase in the GNP (today we are predicting a decline in the GNP), and a public debt which was growing at a rate of 3 billion [Belgian francs] per month (it is growing by 30 billion per month now).

What this means is that if there was ever a time when special powers were justified, then it is now. Even the legal experts most opposed to this step have recognized that there were circumstances when it was justified. The matter is all the more urgent because the administration has been almost paralyzed for nearly 6 months.

We should also look beyond our noses before we get all worked up about special powers. In France, Article 34 of the Constitution gives the government very considerable powers even under normal conditions, and Article 38, which the French Socialist government is presently invoking, makes it possible to still further reduce Parliament's legislative role in the matters it delegates.

The present Belgian Government only wishes to have the necessary authority in economic and financial matters. There is no hidden design to use the special powers for other ends. This is a bugbear being used to frighten people.

Besides, the parliamentary chambers will not be in recess; they will continue to deal with a number of matters and can continuously monitor the use made of the special powers. In fact, if it comes to that, they can bring down the government. We have voluntarily foregone any special powers that would impinge on individual liberties, as well as any that relate specifically to judicial matters.

#### Fear of Its Majority?

Moreover, the government has accompanied its request for special powers with a number of guarantees which other governments asking for special powers refused to provide: the Council of State was consulted on the bill and we took its views into account; the Council of State will be consulted on every royal decree made on the basis of the special powers (to verify that they are in accord with the Constitution, and that they do not encroach on the powers of the regions or the communities, that they are in compliance with the special powers legislation).

[Question] Is it not also a way of protecting yourselves against internal shifts within your majority?

[Answer] It is a little premature to say the government is ailing. On the contrary, there is a unanimous will to confront the difficult problems of the day with indispensable solidarity. It is also obvious that the majority is pulling together in Wallonia in the face of socialist hegemonism. The government is not afraid of its majority, and by asking for special powers, it even shields it from the risk of serious popular dissatisfaction. The government will be "taking the heat."

I would add, however, that given the slim majority we have, and considering the steps we should be taking, the influence of pressure groups could have tipped the balance.

#### Special Powers in the Regions?

[Question] Is it also for the purpose of "taming" the majority that you are asking for a year of special powers?

[Answer] A number of parliamentary deputies, both in the majority and in the opposition, may believe this is too long a period. Quite obviously, the task is enormous. I think, however, that a determined government such as ours might be able to shorten the duration of the special powers.

But some groups within the majority were not completely certain that the period could be extended, if that was required, and thus they preferred to request a year of special powers right away.

[Question] Does this not also constitute an admission of parliamentary inadequacy?

[Answer] Really, parliamentary procedures are perhaps not the most effective in the current climate.

[Question] Can the communities and the regions in turn ask for special powers?

[Answer] Yes, but what would be the point?

[Question] Did the Council of State criticize your bill on grounds of vagueness?

[Answer] We took that point into account, but it is physically impossible to specify everything. Also, as Robert Henrion said in 1969, "the more serious the situation, the broader will be the domain of the powers delegated and the more general their formulation."

#### Views of Legal Expert

Brussels LE SOIR in French 30 Dec 81 p 2

[Interview with Mr Francis Delperee, Catholic University at Louvain professor, by G. Dt. of LE SOIR; date and place not specified]

[Text] We also interviewed Mr Francis Delperee, professor of constitutional law at the Catholic University of Louvain, in order to look at the government position from the point of view of an expert.

[Question] First of all, what is meant by "special powers"?

[Answer] Politically, the special powers act is a measure by which Parliament decides that it will no longer make the decisions, for a given period of time, in a certain number of areas. It is an admission of failure. There is a need to move quickly. There is a need to go further. There is a need to get out of the parliamentary beaten path. The government needs a free hand. Legally, the special powers act is a measure by which Parliament gives the government the chance to take unilateral action in a variety of areas agreed upon at the outset. There are no extraordinary prerogatives or powers. The government is going to employ the special powers with the tools it already has. The only difference is that it is able to take action in areas in which this is ordinarily precluded.

[Question] Some people, however, are talking about "full powers"....

[Answer] That is going too far, indeed, it is improper. Parliament will not be laid off. It must approve the budget, draw up the statute on Brussels, continue its revision of the Constitution on essential points. It must deal with a serious legislative backlog. It must also, as we reiterate ad infinitum these days, monitor the use of the special powers. But I fear, all the same, that on this score Parliament may be too cautious. How can it show it does not have unbounded confidence [in the government] at a time when it is preparing to relinquish a good part of its responsibilities?

Neither will the courts be put on ice. In particular, they will be responsible for passing judgment on the actions the government takes under the special powers act which are in gray areas of the law.

As for the community and regional authorities, they have just been established; why would they want to sit with arms folded? In principle, the special powers act cannot affect their activities. The only question they might have is this: Should they too use the special powers to carry out their missions successfully?

#### Every Country Resorts to It

[Question] Are special powers an unusual thing?

[Answer] No, in fact we are even seeing it become commonplace, for better or for worse. Every country, every party, resorts to it. Not to mention the provisions of the temporary laws which bear an amazing resemblance to it, even if they are not called special powers.

In the past, many thought that the use of special powers disregarded the most sacred principles of separation of powers. But for 10 years now the best legal experts have maintained the following line of reasoning: "The Constitution expressly permits legislation to bestow specific powers on the king. So why not look at special powers in that perspective?" So it is pointless to justify them by invoking special circumstances: war, economic war, social conflict. Even in normal periods, special powers have become a normal mode of government, or in any event a procedure which does not violate the Constitution.

#### Two Criticisms

[Question] The principle may be acceptable, but are there no flaws in implementation?

[Answer] It seems to me that the government has been a little too quick to give itself a certificate of good faith. The Council of State has basically made two criticisms. The Constitution among other things permits the king to exercise the powers which are conferred on him by specific laws. The text says quite clearly: "specific" laws. This means that the purpose of the special powers must be spelled out as concretely as possible. Previous acts of this kind very explicitly cited specific legislative measures that were to be modified or abrogated by the king. It is clear that the bill presently being debated is by comparison very vague.

The second criticism: the bill cannot encroach on the powers of the regions and the communities. But some provisions of the bill right raise questions: Article 2, for example, permits the king to "merge, change or reorganize public bodies." But are not some of these--the communities, for example--under the authority of the regions? The government quickly turns around and says it will not encroach on the jurisdiction of the regions. But would it not have more credibility if it better defined the sectors of activity that will be encompassed by the special powers?

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CSO: 3100/203

## COMMENTS ON USSR'S POSTPONEMENT OF PRESIDENTIAL VISIT

Nicosia O AGON in Greek 19 Nov 81 p 1

[Text] A long time ago the issue of fixing a date for the trip by President Kyprianou to Moscow--or rather, the issue of the failure to fix such a date--stopped being an act directed against the prestige of the president of the Republic personally and assumed the dimensions of an act directed against the prestige and dignity of the Cypriot State.

The case in question is unprecedented in diplomatic annals. That a visit by the leader of a state to another state should be up in the air for 3 years! And that an entire people should be openly mocked besides, with the refrain that "the requisite preparations are being made" for the materializing of this visit.

Preparations taking 3 years for a visit? But even if the most critical of meetings for the future of mankind were going to take place, still this would not require such a long time to prepare for.

We have here the case of a visit by the president of a small country to a superpower, the objective being to raise the problem faced by the people of the small country to the leaders of the superpower and to ask for their support in terms of more aid and assistance.

But this request is not being treated with understanding by the Soviet Union, which AKEL likes to regard as the most faithful protector of our struggle.

But we ask ourselves: If this simple request of ours for a visit of a few days cannot be met by Moscow, how can we expect any satisfying of more serious requests on the part of the Soviet leadership?

We do not know what mysterious process is going on which puts this planned visit in danger of possibly never coming about in the end.

Because something very grave must be going on which the public does not know about, if the Soviet Union is not eager for a visit by the president of Cyprus to Moscow--because this is essentially what it amounts to.

That is, if the Soviet Union wanted to receive our president in Moscow, this period of 3 years was more than enough time to fix a date for such a visit.

Nobody dares to tell our unfortunate people what these very serious and mysterious reasons are which make this visit unachievable. And our people are being mocked, not only by their government but by the Soviet Union and by AKEL, with the now stereotyped excuse that "the visit is being prepared for."

This mocking of the people cannot continue.

We ask to be told the reasons why the Soviet government regards as undesirable the visit of the president of our State to its country. Furthermore we call on the government to speak with the voice of dignity to the government of the Soviet Union and request to be informed of the reasons for this undignified treatment which our State is receiving.

We do not think that it needs to be stressed that the Cypriot people regard the behavior of the Soviet Union to be unacceptable and unfriendly, at least as this behavior is expressed not only by its refusal to fix a date for the visit of President Kyprianou, but also by the recent refusal of Soviet Minister of Foreign Affairs Gromyko to meet with Rolandis in New York.

12114

CSO: 4621/74

## AKEL SEEN 'STALINIST' IN REJECTION OF EEC TIES

Nicosia I SIMERINI in Greek 21 Nov 81 p 3

[Article by Al. Konstandinidis]

[Excerpts] According to AKEL deputies Andreas Fandis and Dinos Konstandinou, the EEC is nothing else than "a predatory association of multinational monopolies whose primary political objective is to get countries of the socialist community to break away so that they can be assimilated in the countries of the EEC." (KHARAVGI, 20 November 1981, page 1).

Thus, this is the "true hypocrisy" of the EEC as set forth to the House of Representatives the other day in the "scourging harangue" of Dinos Konstandinou, a member of the triumvirate which heads AKEL and which has responsibility over the companies controlled by the party--none of which has relations with the EEC: The EEC is a "predatory association of multinational monopolies," and anyone who tries to affiliate himself with such a predatory association surely cannot be anything else than a thief himself. Because what would a priest be after, let us say, among such bandit leaders?

Romania's Minister of Foreign Trade Cornel Burtica, who is also the first deputy premier of the Romanian government, had talks a few days ago in Brussels with the bandit leaders of the EEC. In Brussels, the Romanian minister presided over the first session of the first joint committee which has as members the EEC (the bandit leaders) and a member country of CEMA (the economic community of the East Bloc).

Thus, at the moment when the minister of a communist country such as Romania is making overtures to the EEC, the aged leadership of AKEL, which is still living in the Stalinist era, continues to view the European Community as a cartel of bandit leaders. Even the wording used by the AKEL leadership smells of Stalinism and Stalinist ptomaine. (It would be well for the leaders of AKEL to take the trouble to learn something--getting rid of the cobwebs, as the French say--about the positions on the EEC held by the European communist parties).

One of the EEC's most powerful associates (bandit leaders) is France. As the Marxist businessman Dinos Konstandinou is likely to know, the French government is socialist, with the communists also participating. Therefore the communists in the Mitterrand government do not regard the EEC as a den of thieves. On the contrary, they have a very good opinion of the EEC, with which they are cooperating as a government.

Meanwhile, Fandis and Konstandinou must not have heard surely that two member countries of CEMA recently asked to become members of two other dens of thieves, worse than the robbers' den of the EEC--the International Monetary Fund and the World Bank, which for Moscow constitute the symbols of "capitalist economic imperialism." The communist countries which want to enter into these dens of thieves are Hungary and Poland. Before these two, another communist country, Yugoslavia (I do not know, of course, whether Fandis and Konstandinou consider Yugoslavia to be communist--at times they have called it an organ of imperialism), asked to become and was accepted as a member of the International Monetary Fund (1965).

With the line of reasoning which the Stalinist leaders of AKEL are following, they should be repudiating not only the leaders of the West European communist parties, but also the governments of [Hungary and] Poland, which are trying to establish relations with predatory associations. According to the rules they even ought to denounce Moscow, which is putting up with these aberrations.

The plight of the AKEL leadership is truly pitiful, and I believe that it would do better now to concern itself exclusively with its commercial companies and enterprises, which are playing havoc in any case, and with the company for building-lot transactions, instead of with issues which require a certain seriousness and which presuppose a better understanding.

12114

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## NO CHANGES FORESEEN IN PAPANDREOU FOREIGN POLICY

Nicosia I SIMERINI in Greek 19 Nov 81 p 1

[Text] For several months this question will remain without a specific answer. Will there be a change in foreign policy with the Papandreou government? As of now, we will venture our own assessment. Our assessment is that it is not going to change. The things which Papandreou promised prior to the elections cannot be realized easily following the elections. Being in the opposition is one story. And being the government another one. Both functions are responsible ones in a contemporary democracy. But the government is charged with making decisions, whereas usually the opposition is consumed with recommendations and criticisms.

Let us look at the case of Greek-Turkish relations. The policy of "sink the Khora" was the official policy of the Papandreou opposition. That is, it was the forceful confronting of the Turk. If the "Khora" comes out again, it is certain that Papandreou will not sink it, because it is unknown what the consequences would be. And a way will be found to circumvent such a contingency. The fact that Papandreou already is holding out an olive branch of peace and friendship towards the Turkey of the junta, which militarily occupies Cyprus, is proof that there is no tendency toward a change in policy vis-a-vis Turkey.

No change is expected in Greek-Turkish relations. In the opposition, Papandreou reproached the government for its unacceptable "indifference." He characterized the formula "Cyprus decides..." as almost stupid, and in any case unacceptable. He said that this formula merely provides an "alibi" to the Athens government, which is afraid to accept its historical responsibilities vis-a-vis Cyprus.

The meetings of Kyprianou, Papaioannou, and Lyssaridis with the Greek premier were especially significant with respect to making an assessment of how relations between Athens and Nicosia will develop in the coming months. After these meetings, the formula "Cyprus decides..." was reaffirmed on the basis of the concepts of Waldheim. That is, Athens under Papandreou said to Nicosia that Cyprus ought to make the decision. This "stupid" and "unacceptable" formula is operative once again. Consequently, there is no evidence of any new formula in the relations between Athens and Nicosia.

This is not the right moment for an analysis of how Papandreou managed to agree not only with Papaioannou but also with Lyssaridis and Kyprianou. It is a fact well known in Cyprus that at least as concerns the ideas of Waldheim, Lyssaridis diametrically disagrees with the approaches resolved upon by AKEL and President

Kyprianou. And of course it would be a question of fundamental political daring for Lyssaridis to oppose the Greek government, since the latter agrees with the leader of AKEL and not with the leader of EDEK.

There is also the issue of NATO. There are no indications that with the "passing of time" the relevant promises made by the Papandreu opposition will be fulfilled by the government of the same person. More likely, with the passing of time the policy toward NATO of the new Greek government will differ very little from the policy of Rallis, either in its mode of expression or otherwise. What all this means is that matters having to do with the Cyprus question, Greek-Turkish relations, and NATO are not going to be changed by the New Political Order of things in Athens. Consequently, we cannot expect any significant developments in the near future.

We ourselves believe that in fact there are objectively insurmountable obstacles in the way of a radical or substantial change in Greece's foreign policy on these three issues and on the issue of the EEC. Now the Greek premier must be given time to see what he can do. However, neither here nor in Greece can there be any illusions. The opportunities open to the new government with respect to successfully changing its foreign policy are quite limited. For this reason, we must not encourage any feelings of euphoria here if we are to avoid a double disillusionment in the end.

Our opinion is that Papandreu has to choose one of two paths with respect to Greek-Turkish relations and the Cyprus question. The first path is the one already tried. The things which we have sought in the last 7 years. It is the path of deadlocks. Of the imposition of Turkish intransigence in Cyprus. And of high-handedness with respect to the Aegean. The second path is the placing of the Cyprus question within the complex of Greek-Turkish differences and direct discussions with Turkey on this. This path would constitute a major difference between him and the previous Athens governments. It would be, perhaps, a natural consequence of his proclamation that Greece is a guarantor power in Cyprus. And that Cyprus is under the protection of Greece. The coming months will demonstrate what Papandreu means about Greece and about us. Until then, and based on the present data, our perception is that significant changes must not be expected. Not even in the philosophy of the Cyprus question and Greek-Turkish relations, nor in the "cautious" and "impeccable" approaches toward the Turk. The issue of the Turkish military occupation of Cyprus is an issue concerning Greece as a guarantor nation. Will Papandreu be able to have discussions with Turkey in this vein? This would truly be a change...

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## LYSSARIDIS, PAPANDREOU DIVERGE DESPITE SIMILARITIES

Nicosia I SIMERINI in Greek 25 Nov 81 p 5

[Article by Savvas Iakovidis]

[Text] EDEK and PASOK are linked by many years of ideological-political ties. Lyssaridis and Papandreu have been close friends for many years. They esteem each other deeply. There is a steadfast, mutual respect. The victory by Papandreu on 18 October was regarded by EDEK as its own victory. We will not analyze here how and why Lyssaridis creates the impression that he is acquiring more political strength by reflection from the green sun of PASOK. Politically, what counts for more is the well-known invitation by Andreas to the chairman of EDEK, and their meeting prior to the meeting between Kyprianou and Papandreu. As was stated just the other day by a PASOK officer at an EDEK event, the meeting between Papandreu and Lyssaridis "was not fortuitous." Nor was there anything fortuitous, of course, about the positions held and the statements made by the new Greek premier immediately after his meeting with the chairman of EDEK. ("Lyssaridis is still on the correct course.")

A sober-minded political analysis of the above and a logical comparison of the statements of Papandreu and Lyssaridis as concerns the Cyprus question leads to the certain conclusion that: Lyssaridis is the best, the most reliable, and the most capable judge and analyst of the secret or overt thoughts and positions of the Greek premier. If this is truly the case--and everybody is persuaded that this is the real state of affairs--then a very significant precedent is created in connection with Athens-Nicosia relations. Why? In its announcement the other day, EDEK referred to the program statements by the premier of Greece. After expressing its deep satisfaction with the positions of Papandreu specifically on foreign policy and the Cyprus question, it maintained also the following:

"These statements put the Cyprus question on its proper basis, as an issue of foreign occupation, as an urgent national issue, and at the same time as a critical international problem.... With these program positions, which do not contain any references--and quite properly so--to procedures engaged in which are in violation of or in opposition to the resolutions of the United Nations, nor any reference to "ideas" which are nationally insulting and politically unacceptable, the socialist government of PASOK is charting a proper and judicious course."

At the same time, EDEK demanded that "the Cypriot government, which has stated that it agrees with this position and that it is redefining its own position, must make

this repositioning a substantial one and consistently aim at the objectives which Premier Papandreu has set." Lyssaridis and his party are raising three basic and definitive political questions which touch on the deepest and most general relations between Athens and Nicosia:

First: Even after the meeting between Kyprianou and Papandreu, the former is still not on the "proper and judicious course." Consequently, where is the celebrated identity of views between the two sides?

Second: Lyssaridis has repeatedly charged the president of the Republic with having de-internationalized the Cyprus question, while with his conduct he has placed it within the imperialist barricades. Papandreu regards this as a matter of foreign occupation, as an urgent national issue, and as a critical international problem. Consequently here as well, according to the Lyssaridis positions, there is a difference of views between Cyprus and Greece.

Third: Lyssaridis says that the Greek premier did not refer "to 'ideas' which are nationally insulting and politically unacceptable." Mr Lyssaridis characterizes the lack of such references as a correct and judicious course. Consequently, since Kyprianou is holding talks and discussions on the basis of these "ideas," he is in political conflict with and has a substantial disagreement with the Greek government.

But there is also a fourth very significant factor which is evident from the EDEK announcement. This party is demanding of the Cypriot government not only that it redefine its position on and reframe the Cyprus question. But also that it strive consistently to achieve those objectives which Papandreu has set. This can be interpreted in two ways: Either that the Kyprianou government must abandon the policy it has been following up to now, since it is not on the "proper course," and conform to the policy of the Greek government. Or that the Cyprus government must follow and implement faithfully everything which the ethnic center enjoins and orders, since it alone is on the "proper and judicious course." One could argue that EDEK is trying to invert the well-known formula and give it a new form--that is: "Athens charts a correct course and Nicosia follows."

However, in our opinion the problem does not lie here. It lies in the fact which this column has noted repeatedly when others were crowing and unctuously applauding. Namely, that despite the pompous and blustering statements and proclamations, this creed remains: "Cyprus decides and Greece supports." Whereas the famous identity of views between Athens and Nicosia lasts as long as the official meetings and toasts. The program statements which Papandreu made on Sunday are in fact both creditable to the nation and worthy of a Greek. But they cast a deep shadow over relations between Athens and Nicosia. Because they leave room for misinterpretations and misunderstandings. Lyssaridis insists that the Kyprianou government has still to chart a "correct course." Whereas from its own viewpoint, the Cypriot government welcomes the statements by Papandreu on the Cyprus question. Every sober and judicious citizen is wondering and at a loss as to why they are mocking him, or rather why they are playing with his fate and his tribulations. The answer is simple but painful: Precisely because the special national dangers which the Greek community as a whole is facing have not been realized adequately. But is there any time left for makeshift actions, amateurishness, and irresponsible behavior?

## PROGRESSIVE PARTY SHAKEN BY TAX-CASE CONVICTION OF GLISTRUP

## Party Members Back Chief

Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 81 p 7

[Article by Lisbeth Knudsen]

[Text] The members of the Folketing faction of the Progressive Party who yesterday met with the chief of the party in faction room No. 2 at Christiansborg a little more than 1 hour after the sentencing of Mogens Glistrup by the High Court were deeply shaken. A large number of the prominent party members had gathered in the faction room together with a large number of journalists to attend what was supposed to have been a normal, everyday election press meeting with the party, but which yesterday was changed into something quite different. Mogens Glistrup was sitting in deep silence, with a bouquet of dark-red roses in front of him, in his usual seat in the faction room, awaiting the arrival of the chairman of the faction, Uffe Thorndahl, in order for the meeting with the press to commence.

After the meeting with the press, it is clear that the Folketing faction of the Progressive Party, at its faction meeting today, will fully support the chief of the party, despite the very severe sentence. It is also clear that the serious discussion within the faction of the political line which was prepared last week will hardly take place. Many members of the faction feel that there is now a need for the party to be clearly united, and that it, therefore, is not the right time to discuss whether or not the party should change its political line. Several members of the group had wanted for the party to indicate its clear support of a nonsocialist government composed of the Liberal Party and the Conservative Party on the basis of a few conditions, whereas other members, including Glistrup, had demanded a direct influence within such a government on the part of the Progressive Party.

## Faction Chief

The faction chief, Uffe Thorndal, started the meeting with the press yesterday by calling attention to the enormous difference between the sentence passed by the City Court and the one passed by the High Court yesterday. "In this case, we have got two widely different decisions. The enormous difference contributes to describing the state of the Danish administration of justice. Under the circumstances, we might just as well replace our law-courts by roulettes. It is impossible to reach two suchwidely different conclusions objectively," Uffe Thorndal said. He added that prior to becoming a member of the Progressive Party and running for the Folketing, he had studied the Glistrup case thoroughly and had reached the conclusion that nothing illegal had taken place.

"What I have witnessed today, I did not expect. I am deeply shaken that this can take place in my native country," Uffe Thorndal said.

#### Robin Hood

During the remarks by Uffe Thorndal, Mogens Glistrup sat completely motionless, whereupon he was called upon to speak. Glistrup confirmed in monosyllables that he would continue his political work after the sentence. He scouted the idea that he would become a burden to the party after the conviction, or that the party would have lost its credibility. Glistrup's answers were received with enthusiasm by the members of the Progressive Party who attended the meeting with the press, and the meeting was interrupted by Kirsten Jacobsen, a member of the Folketing faction of the Progressive Party, who came in and presented Glistrup with another large bouquet of dark-red roses and a letter addressed to "Denmark's Robin Hood." Kirsten Jacobsen is among those who have not always agreed to Glistrup's political line, and she was among those members who desired a debate at the meeting of the Folketing faction today. Yesterday, when presenting the flowers to Glistrup, she said that Glistrup could count on the backing of a large number of men and women in his work.

Glistrup was apparently in a good mood at the press meeting, and in answer to the question whether he would be able to lead the party from his prison cell, he answered: "If you have studied how easily people in prisons are given passes, you would expect me to be given access to other places than Tivoli." Glistrup had no doubts about his innocence, despite his severe sentence.

"It is 140 percent clear that I have done nothing illegal. It is here a question of a flagrant misuse of power on the part of the bureaucracy." Glistrup said that the prime minister at a meeting had described him as 'Denmark's biggest tax evader,' and, in this connection, Glistrup felt that the government had already decided that the outcome of the sentencing was to be as happened today, and that the government had thus influenced the judges in their decision.

#### Critics of System

Mogens Glistrup's faithful supporter in the Folketing faction, Leif Glensgaard, expressed this in even clearer terms: "In Denmark, critics of the system are put in prison for 5 years, while in the Soviet Union they are sent to Siberia. They will never succeed in having Mogens Glistrup removed as chief of the party."

The national leader of the Progressive Party, V. A. Jakobsen, was present at the press meeting and said afterwards: "The sentence is so flagrant that I consider it an enormous start in our election campaign. It is bound to awaken people and will only lead the Progressive Party to a victory in the election."

### Conviction May Force Bankruptcy

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Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 81 p 1

[Text] Mogens Glistrup is likely to be declared bankrupt on the basis of his debt to the state amounting to millions of kroner after his tax-case conviction.

For the fine of 4 million kroner which Glistrup yesterday was sentenced to pay, an alternative sentence to a term of imprisonment of 6 months has been fixed.

But Glistrup has got a considerable additional debt. The High Court sentenced him to pay the estate of Philip Ingerslev 1.6 million kroner by way of counsel for the defense fee. And Glistrup has been ordered to pay Ebbe Suensen, Supreme Court attorney, an amount of 600,000 kroner.

In addition, he has been ordered to pay 1.5 million kroner in auditors' fees.

The City Court ordered Glistrup to pay close to 2 million kroner in back taxes, but, for technical reasons, the High Court did not include this claim under the criminal case.

Poul Christensen, department head of the Internal Revenue Department, states that Mogens Glistrup has paid his back taxes from 1973 to 1979. This took place through distress levied on Glistrup's home, which he was forced to leave.

### Party Splits Over Campaign Platform

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Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 81 pp 1, 13

[Article by Hans J. Poulsen]

[Text] Decision adopted by the Folketing faction of the Progressive Party at an open meeting on its position on a government composed of the Liberal Party and the Conservative Party:

If the Progressive Party cannot participate in a government cooperation, the questions regarding persons cannot be an insurmountable hindrance, but we cannot, of course, support a government, then and there, without having a certain amount of guarantee that its policy is going in the right direction.

What was left after a committee of three people had privately revised the decision adopted by the Folketing faction:

Questions of persons shall not prevent the participation of the Progressive Party in, or its cooperation on, the formation of the new government.

The Folketing faction of the Progressive Party has not revised its policy after the severe sentence of imprisonment given the chief of the party. However, in a

closed meeting, a committee of three people has undertaken a remarkable revision of a campaign platform previously adopted by the faction. More than flowers of speech was weeded out, and, yesterday, the chairman of the Folketing faction, Uffe Thorndahl, who belongs to the moderate wing, stated that he will resign his seat after the election. Regard for the family and shock at the Glistrup sentence were stated officially as the reason.

The sentence of imprisonment given Mogens Glistrup has not given rise to any immediate self-examination within the Progressive Party. Its chief is still Mogens Glistrup, and its policy is still to fight the tax system with all the means at its disposal.

If the sentence passed by the High Court last Monday had been a definitive decision, the newly elected Folketing would already in well over 3 weeks have had to weigh Glistrup's mandate on the parliamentary gold scales. Now that the case, to all appearances, will have to be carried through the final court of appeal, the decision by the Folketing whether Mogens Glistrup will be regarded as worthy of continued membership in the Folketing will be postponed. It may be quite a long time--perhaps even 12 months--before the Supreme Court will bring the case to a conclusion.

At Christiansborg, the parties maintain an attitude of reserve and caution in commenting on the increased sentence. Some members of the Folketing are wondering whether it may upset the election struggle completely. And others are wondering how the new Folketing will tackle the situation if a politician with a sentence of several years of imprisonment ahead of him will be strengthened by the electorate in one or several elections.

Some fear a "Marius effect" like the one in the municipal election at Ålborg, and others wonder what will be the public sentiment of justice when two courts pass such widely different sentences as has happened in this case.

On the day of the sentence last Monday, after the sentencing which lasted for a few minutes, Mogens Glistrup immediately proceeded to Christiansborg.

In faction room No. 2--which in the hard jargon of the Folketing was immediately named cell No. 2--the Progressive Party held its election press meeting No. 7, at which Glistrup received hugs, red roses as well as applause from attending proselytes. But it was, above all, a media event: reporters and camera crews from Norwegian, Swedish and Finnish TV companies provided visible evidence that Glistrup is still in focus in our sister countries.

Asked whether he did not consider himself a burden to his party after the sentencing, Glistrup answered "certainly not," stating that he was ready to lead the party from the prison. It has no bearing on the political picture whether or not I have been sentenced, he said. Glistrup's faithful supporter, Leif Glensgaard, said that nobody would think of removing Glistrup from the leadership of the party as a result of the sentence. We shall not remove Glistrup, that will be up to the Powers Above.

## The Next Day

These were the words of the gunner of the party, Glensgaard, finance committee spokesman, who, at the election press meeting No. 8 the next day fired off the economic plan for 1982-85 which is the answer of the Progressive Party to the employment program of the Social Democratic Party and the joint overall program of the Liberal Party and the Conservative Party.

The historically most interesting thing about the figures presented is that the Progressive Party, for the first time, does not promise to do away with the deficit of the state at once, and thus holding out the prospect of a balanced budget. For 1982, the plan operates with a deficit of 25 billion kroner. Among other election promises included in the plan is reduction of the number of unemployed to 150,000 in 1982, to 35,000 in 1983, to 30,000 in 1984 and to 20,000 in 1985. The number of employees within the public sector will, according to the plan, during the same period be reduced to 618,000 in 1982 and by 1985 to 460,000. By way of comparison, the party has studied the two other plans, and, hardly to anybody's surprise, none of these figures are identical.

In the afternoon of the same day, another meeting of the Folketing faction of the Progressive Party was held. What emerged turned out to be internal explosives. The faction was to demonstrate its position, among other things, on the formation of a government composed of the Liberal Party and the Conservative Party after the election. A campaign platform of 53 typewritten lines was presented for discussion and adopted by 13 votes, with four members abstaining from voting. There were no dissentient votes at the meeting which Mogens Glistrup did not attend.

He spent the day following the sentence of imprisonment on an election campaign tour to Viborg. The remaining 19 members of the faction participated in the meeting, two members being absent, however, when the vote was taken.

The author of the paper was Kirsten Jacobsen, who will leave the Folketing at this election, but who, last week, told the daily BT that she will seek to obtain the support of the vast majority of the faction on an election statement.

Her wording of the paper was approved at a meeting of the board of the Folketing faction on Tuesday morning, with the chairman, Uffe Thorndahl, in the chair.

## Subsequent Revision

The original paper which must be described as a soft position on the formation of a government composed of the Liberal Party and the Conservative Party, states that the Progressive Party considers it "of great importance" that the tax-free lower limit be raised, that the basic amount of the national pension scheme be increased, that a total stop be put to new recruitments within the administrative sector of the public sector, that an effective stop be put to further borrowing abroad, and that the capital gains tax be abolished.

However, special interest was attached to indications in the statement of the position of the Progressive Party on the establishment of a government composed of the Liberal Party and the Conservative Party. Statements made last week by Mogens Glistrup to the daily BØRSEN have given rise to much uncertainty. The

Folketing faction of the Progressive Party adopted last Thursday this weak wording prepared by Kirsten Jacobsen: "If the Progressive Party cannot participate in a government cooperation, the questions of persons cannot be an insurmountable hindrance, but we cannot, of course, just like that support a government without having a certain amount of guarantee that its policy is pulling in the right direction."

#### Wanted to Prevent Repetition of Situation in 1975

To the weekend edition of BERLINGSKE TIDENDE, Kirsten Jacobsen, subsequently pointed out that she had deliberately used the cautious expression "a certain amount of guarantee." This implied no demand for a formal arrangement with a contact committee or joint meetings with the Liberal Party and the Conservative Party. My intention was to avoid a repetition of the situation in 1975, she says, alluding to the "patchwork government" composed of the Liberal Party, the Conservative Party, the Center Democrats and the Christian People's Party which was formed but which never came into operation, apparently because Poul Hartling feared that it would immediately be thwarted by Mogens Glistrup who had demanded that a special contact committee be set up.

Shortly after the recent interview by the weekend edition of BERLINGSKE TIDENDE with Kirsten Jacobsen, an authorized version was made public in which the paragraph quoted above had been changed to: "Questions of persons shall not prevent the participation of the Progressive Party in, or its cooperation on, the formation of a new government." Quite a radical revision of the text previously adopted.

The change--which may be interpreted as an improvement of the original proposal for the reasons, among others, that the word "support" has been deleted and influence on the "formation" of a government has been stressed--was made by a committee composed of the chairman of the Folketing faction, Uffe Thorndahl, Leif Glensgaard, and the chairman of the national organization of the party, V. A. Jakobsen. Mogens Glistrup was not involved. He was still in Viborg County.

Uffe Thorndahl subsequently tells the weekend edition of BERLINGSKE TIDENDE that it now appears as a "satisfactory agreement complex." Certain things have been made clear to make the language more beautiful, but there has been no hardening of the party's position, rather the contrary. According to the chairman of the Folketing faction, the new wording was not submitted to the Folketing faction for its approval, but the individual members each agreed to the paper in its new form.

#### Liberal Party and Conservative Party Reject Idea of Advance Agreement

It is one of the many exciting themes of the election campaign that the Progressive Party has dealt with here, and the final and decisive words in this respect have hardly yet been uttered.

Both the Liberal Party and the Conservative Party leaders reject in advance all the ideas on the part of the Progressive Party for a new government formed by these

two parties to base itself on a more or less fixed prior agreement with the Progressive Party. This position is hardly less pronounced today after the High Court with its severe sentence of imprisonment for infringement of the penal code has stamped the leader of the Progressive Party as a criminal. But officially neither Henning Christophersen (Liberal Party) nor Poul Schluter (Conservative Party) wants to comment on the conviction. The reason given is that the sentence passed by the High Court will be tested by submission to the highest court of the country.

#### Wooing of Center-Right Seen Decisive

Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 81 p 12

[Editorial]

[Text] The Progressive Party has for quite some time been in a state of political upheaval. It has been clear that influential groups within the party are in the process of abandoning the absolute standpoints described by Mogens Glistrup and his closest supporters as "Progressive Party medicine." It has been noticeable that Uffe Thorndahl as chairman of the party's Folketing faction has endeavored to bring about such a change in the policy pursued that will result in a rapprochement between the Progressive Party and other parties in the Folketing. It may even be likely that the Progressive Party last Tuesday at the meeting of its Folketing faction had wanted to make a decision that might be epoch-making in the party's history because it incorporated tendencies within the party in a program which may be described as the minimum program of the Progressive Party. However, the prolonged process, Uffe Thorndahl's personal efforts and the meeting of the Folketing faction which was held are wasted efforts in the situation created by the conviction of Mogens Glistrup.

It is inevitable that the sentence pronounced by the Eastern High Court will play a political role. Not because the sentence has any political content but because its effect on the total political picture will be inescapable. The Progressive Party has elected to make the conviction a central theme in its election campaign. Mogens Glistrup has been saying that the voters will acquit him. His closest colleagues in the Folketing faction have, in poor taste and completely without thinking, made comparisons between the administration of justice in Denmark and in Eastern Europe. And the other politicians at the top of the party have neglected using the occasion to dissociate themselves from the transactions on the basis of which Mogens Glistrup has been convicted. As a result, the party has given the overall impression that it has, on its own initiative, moved back into a position of isolation at a time when the trend had started going in the opposite direction.

The situation thus arisen has probably hit Uffe Thorndahl especially hard. His political basis has been that he enjoyed the respect also in circles outside the Folketing faction of the Progressive Party, at the same time as he has been

able to keep a party united that has been in internal motion. His goal has been to enter into cooperation with, or at least into a fruitful dialogue with, other parties. That is why the conviction has hit him so hard. He has put his party into a position where it had an actual possibility of acquiring political influence, perhaps not at this election but on a long view. If as the reason for his possible retreat from Danish politics Uffe Thorndahl states a growing fear of being hit himself by the judicial system, the answer must be that this is an unfounded fear. The more obvious reason is that Uffe Thorndahl, after all, did not want to take the step to dissociate the policy of the Progressive Party from the conviction of Mogens Glistrup. As a result, he has, in his way, contributed to the history of the Progressive Party.

#### Glistrup Defends Own Cause

Copenhagen BERLINGSKE TIDENDE in Danish 16 Dec 81 p 10

[Article by Mogens Glistrup, M.P., Progressive Party]

[Text] During the election fight, Ernst Andersen was given the occasion in an editorial in BERLINGSKE TIDENDE (on 27 November) to make a number of entirely untrue claims regarding the vindictive trial of me.

He based himself on the claim that he had been among the audience during the hearing of the case. This is not true. For more than 80 percent of the time, Ernst Andersen was not present in the court.

He maintains that the things speaking for me had been presented in the court because my so-called counsels for the defense, according to him, had followed my manuscript. This is downright wrong. The persons in question failed to pay any attention to the evidence as well as the arguments which I had wanted to have adduced. And the High Court denied me access to any production of evidence, whereas the counsel for the prosecution was given free access to adduce his so-called evidence.

Furthermore, the High Court precluded me from conducting my defense after 3 1/2 days of argumentation in the face of approximately 250 court days of prior blackening of my character.

Ernst Andersen defends wholeheartedly the fictitious postulate on which the conviction of me on every count is based.

His argument is that, in his experience, it is not usual to act as the parties have done in this case. He especially fastens upon the claim that, in a few instances--a minority of the instances with which the case is concerned--no security was given for the debt.

Even if Ernst Andersen would have been correct in his claim that a few of the hundreds of thousands of contracts which, according to the conviction were fictitious, were unusual, this has absolutely no bearing on the decisive issue: Binding contracts or fiction?

For, in a free society, people are free to make binding commitments which might appear unusual to Ernst Andersen and other government officers.

And, in the case of all of the contracts with which the case is concerned, the parties--buyer, seller, lender and borrower--were agreed that what had been entered in my books was binding on them. For, in a free society, the criterion whether a contract is genuine or fictitious is what the parties themselves have concurrently declared to be bound by.

We have to get into state-directed ideologies to establish, as was done by the High Court, that the question whether a contract is genuine or fictitious is something which the authorities may subsequently decide upon, on the basis of whether, according to their philosophy of life, it is something which they feel that they can approve of or not. The only basis at all for the conviction is such a view--which is entirely alien to the Danish administration of justice.

In support of my plea of not guilty before the Supreme Court, I, therefore, shall point out, first of all, that it is a question of an improver application of Danish law when the High Court extends the concept of simulation under the Danish judicial system--or, as it has most frequently been called in this case: fiction--to comprise an area as the one in the present case, where the parties in question, in the case of the contracts concerned, quite clearly within the period covered by the indictment took for their basis that they were fully bound on the strength of their declarations of commitment--direct or by proxy--and where the confirmation of this, through sanctions and subsequent approvals, was of such an unambiguous nature that, under the Danish law governing contractual relationships, it was a question of fully valid contracts. If any legal relevance were to be attached to old-fashioned cash payments, it must be pointed out that all of the so-called "fictitious" transactions were indisputably manifested in such payments, at the latest, at the cessation of the contractual relationships in question where each of the transactions with which the case is concerned were fully covered to the extent of the amounts entered in my books.

According to the conviction, it is necessary to regard a number of the transactions as genuine.

But, in that case, all of the transactions become genuine because there is a close correlation between the transactions recognized as genuine and those recognized as fictitious (for it is inconceivable for a sale to be genuine on the part of the seller at the same time as it is fictitious on the part of the buyer, etc.)

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CSO: 3106/38

## RESULTS OF SCHMIDT-HONECKER MEETING ASSESSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Dec 81 p 12

[Article: "Without The Stumbling Blocks Of Gera--At Lake Werbellin, Honecker Does Not Insist on His Four Status Demands of Last Year"]

[Text] Berlin, 14 Dec--As was to be expected, the subject group peace, disarmament and arms control played a big part during the meeting between the FRG chancellor and the secretary general of the SED in the Schorfheide. But of much greater importance for the people in both parts of Germany, there was sufficient time available to discuss in depth all those matters which are commonly lumped together under the key words of "humanitarian questions" and "human benefits." After the drastic shift in GDR politics toward Bonn from cooperation to confrontation in October 1980 (characteristic examples: the drastic rise in minimum exchange rates for travel in the GDR; extension of mandatory exchange to young people and pensioners; Honecker's speech in Gera) it was necessary to determine whether the GDR wanted (or was forced) to persist in this hard line attitude, directed toward segregation and reduction in human contacts, or whether there were prospects of continuing a policy of conciliation aiming at normalization, while leaving aside differential legal interpretations of basic principles.

The result: assuming that the international situation, especially the further evolution in Poland, does not completely preempt the GDR's freedom to act, it can be expected that a continuation of a normalization policy is possible. Even more: at the Schorfheide meeting, the GDR emphatically announced its desire to resume its policy of conciliation despite some partially basic differences of opinion and to turn away from confrontation again in favor of cooperation--a policy of conciliation meaning practical agreements for the benefit of people in both states. Remarkably, Honecker included the following words in a toast he offered at Hubertusstock hunting castle: "In some important areas which impact upon the thinking and feeling of people in both German states, citizens of the FRG as well as those of the GDR, we have defined some sectors which we must explore and in which we must further approach one another and which permit a glance toward a peaceful future and closer collaboration...I believe that the exchange of opinion which we have concluded will contribute in many different areas to reaching fruitful results in the evolution of relationships between our two German states."

One of the objectives of the talks between the chancellor and the secretary general was to find out whether the GDR persists in demanding that, as a

precondition for continuing a normalization policy, the demands made by Honecker in Gera in October 1980 be met: recognition of GDR citizenship; conversion of representative offices into embassies and an exchange of ambassadors; establishment of the Elbe border in the center of the river; the dissolution of the central registration office in Salzgitter. The result: the GDR is apparently not persisting in that demand. While Honecker once more addressed all four subjects, he gave assurances that there were no preconditions. The chancellor on the other hand made it quite clear that the basic constitutional law would not permit a change in Bonn's attitude toward citizenship and a conversion of permanent representative offices into embassies. The GDR appears to be accepting this. In any case, the communique did not even mention the demand for "respecting" GDR citizenship, to which the GDR had reduced its demand for "recognition" soon after the Gera speech. The GDR will of course keep on returning to the subject of citizenship; but there will be no change in the wording of the basic agreement on this subject. At this moment there is no question of amending the agreement.

As to the Elbe border, the chancellor appears to have indicated to the GDR that this was still a possible subject of discussion here. On the other hand, he probably mentioned the Lower Saxony election. Said the communique: "Both sides expressed appreciation for the work of the border commission. They agree that efforts to resolve remaining problems of the border demarcation and to make further improvements in the border situation should be continued."

While the communique says nothing about "citizenship," the "minimum exchange" is mentioned, as is "travel" and "family reunions." The following passage from the communique which was published in full in GDR newspapers, provided new hope, especially among the GDR population: "They discussed questions of family reunions, the consideration given to hardship cases and other humanitarian questions and agreed that efforts in this area should be continued in a constructive spirit. Both sides expressed their opinions concerning problems and procedures for travel and visitor traffic, including tourism. In this connection, they stated their disagreement about the increase in minimum exchange rates which became effective on 9 October 1980." The GDR would hardly have agreed to including these sentences in the communique and to publishing them if it did not have the intention of acting on these matters.

To that extent it seems actually likely that East Berlin will soon come out with a change in minimum exchange rates. It is of course hardly likely that the increase and extension will be completely reversed. A correction by the GDR is considered likely during the next 6 months, because at the Schorfheide meetings it was agreed that interest-free overdraft credits for inter-German trade ("Swing") be extended to 30 June 1982. Until then, unanimity must be obtained between the two sides as to its further continuation and future size. The GDR is fully aware of the "psychological-political connection" between "Swing" on the one hand and minimum exchange and travel facilitation on the other.

While in the matter of minimum exchange rates the objective is to reverse an impairment, the FRG Government desires that the present status of family reunions be maintained at present levels--this year saw 13,000 people immigrating from the GDR, the highest annual figure ever. As to travel to the West by GDR citizens

for family hardship reasons, which has diminished, the FRG government wants to see a strong increase. At the meeting between the chancellor and the chairman of the State Council, there was agreement also on the confirmation and expansion of the mass of conventions which have come into being during the last decade between the two German states. In this connection for instance, the discussions already concluded between experts of both sides concerning water protection (desalination of the Werra and maintaining the purity of water in the Berlin area) should "expeditiously lead to tangible solutions." There is talk about cooperation in science and technology and in education and attempts are to be made to finally arrive at formal agreements. Cultural cooperation is to be mutually strengthened "within the framework of existing possibilities."

A few things have started to move as a result of the Werbellin Lake meetings. This should be considered a success. To make it so, the FRG chancellor thinks that it would be well to offer to the GDR a long-term skeleton agreement for economic and industrial cooperation, similar to the German-Soviet agreement. The GDR has an interest in this for a number of reasons. This is the subject of future negotiations. The FRG's economy does not need such an agreement; our firms can cooperate with GDR enterprises and cooperatives at any time and for as long as is desirable. But as a political instrument such an agreement would be a double edged blade. Even if one agrees with the chancellor and admits that the signing of such a skeleton agreement for cooperation could motivate the GDR toward political return favors (which is doubtful), we must not lose sight of the danger to West Berlin which such an agreement might bring. The legal basis for inter-Germany trade which thus becomes special trade between two currency areas, consists of the "Berlin Treaty" of 1951, a long-term and very stable basis for economic relations between the two parts of Germany. By construing the treaty as being one between two currency areas, West Berlin is of course included; it did not at the time require special inclusion. But this would have to be the case with a skeleton cooperation agreement. According to the Four Power Treaty, this is possible only by using the so-called Frank-Falin Formula. But this type of inclusion is weaker and less secure than the constitutional inclusion of West Berlin in the West DM currency area under the "Berlin Treaty." True, Economics Minister Lambsdorff said in the GDR that the desired skeleton agreement with the GDR could come about only if it did not restrict existing procedures and agreements in inter-German trade, if it would supplement the "Berlin Treaty" and if it would unequivocally include West Berlin firms. However, it is difficult to see how this could be done without damaging the "Berlin Treaty" as the only legal basis for inter-German trade. Extreme care is advisable in this matter.

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CSO: 3103/160

## STRAUSS ON CDU/CSU, COALITION, CHANCELLOR CANDIDATES

Hamburg DER SPIEGEL in German 28 Dec 81 pp 23-28, 30

Interview with CSU chairman Franz Josef Strauss by SPIEGEL editors Dirk Koch and Erich Boehme at CSU headquarters in Munich, date unspecified: "I Am Not Nostradamus"

Text 7 SPIEGEL: Mr Strauss, the Bonn coalition has hit a permanent low. The economy is in bad shape; this winter, there are likely to be 2 million unemployed; the coalition has a difficult time getting its own parties into line on the missile question. These are all situations that give the edge to the opposition. The only thing is, it seems to us as if the opposition did not really know what it wants, either. It just isn't there.

Strauss: That is completely wrong. Replacing a government is not up to an opposition. It can only get the government to file for bankruptcy. In the case at hand, the situation we have in the FRG today, this refers to the FDP's decision—which has been talked about many times and openly, or as they say, secretly discussed—on whether to stay in the coalition or to get out; on whether it would acquiesce to a CDU/CSU minority government or whether the president would then exercise his authority, which is severely restricted in our country, of dissolving parliament and calling for new elections.

SPIEGEL: Do you have the impression that the opposition is presently forcing the government to file for bankruptcy?

Strauss: I did not speak of forcing the government, but pressuring it.

SPIEGEL: In order to pressure someone, one must have a clear policy. When it came to cutting the budget, for example, Bavaria was intent on rejecting all proposals agreed upon or put forward by the Bundestag and the conference committee. Your colleagues from the other CDU/CSU governed Laender did not go along with this policy in the Bundesrat. Which raises the question of the effectiveness and cohesion of the opposition.

Strauss: That is not the issue which raises it. We all pursued the same goals in the conference committee. Given the shortness of time, we achieved what it was possible to achieve. We were no happier with the outcome than the CDU-governed Laender or the CDU/CSU fraction. But then we decided—the Bavarian government decided unanimously—that the outcome was not satisfactory for us.

SPIEGEL: Is CSU secretary-general Edmund Stoiber wrong in saying that opposition leader Kohl has now missed his second opportunity to drive the government into a corner ?

Strauss: Stoiber was referring to the CDU and not to Kohl. In our view, it would have made more sense not to come up with a solution at breakneck speed before Christmas which could only be attained with the help of marathon sessions of the conference committee. I would have preferred a more deliberate pace and would, if need be, have postponed the discussions until after Christmas. The public interest would not have been harmed thereby—it would have been served.

SPIEGEL: What kind of a compromise would have satisfied you personally ?

Strauss: Abandonment of any tax increases whatever and simultaneously, abandonment of tax reforms in the sense of raising regressive writeoffs from 25 to 30 percent. They would have done well to forget about that reform because it makes little sense in our presently unproductive economy. The important point is that no serious attempt was made to effect deeper cuts in public spending—and I would mention subsidies in this connection.

SPIEGEL: Did you discuss things in these terms with chancellor Schmidt at your secret meeting with him and did the two of you agree on the right ways to solve problems ?

Strauss: I saw no purpose, nor was I entrusted with the task of conducting special negotiations with Mr Schmidt.

SPIEGEL: Then what did you talk to him about ?

Strauss: Do you really think that these are the only topics one can discuss with him ?

SPIEGEL: No.

Strauss: There are a great many topics one can talk about.

SPIEGEL: For instance ?

Strauss: That is obvious enough. You yourselves write about them every week; the daily papers carry headlines about them every morning.

SPIEGEL: If you were chancellor, what would you do to get the economy and the employment situation out of the doldrums ?

Strauss: Economic policy does not merely consist of a group of physical measures but also of a number of psychological motives. It would merely take a change of government in Bonn to put an end to the insidious loss of confidence in business circles and to provide the basis for positive developments. In one word, the Schmidt government has reached the end of the line.

SPIEGEL: What would your economic policy look like ?

Strauss: It would be possible to assemble large investment sums, if the regulations governing legal and technical safeguards of nuclear power plants were made clearer and easier to apply and if the implementation of procedures were shortened appreciably.

SPIEGEL: Don't you think there would be strong political resistance to that ?

Strauss: This is not a case of making sacrifices at the expense of safety. It is a case of preventing that energy projects that must not be delayed are blocked for many years to come. And then there is the housing industry which is moving now, but not enough. Beyond that, there are the new electronic media—decisions in that field are also being postponed from one year to the next. But the most important thing is that business regains its confidence and the courage and capacity to invest, thanks to reasonable bargaining agreements, cuts in public spending or at least no further increases in them.

SPIEGEL: At the start of our conversation, you minimized the role of the opposition by saying that it does not command the power to bring the government down...

Strauss: I put it that way because I am always being asked by smart people and by those who are not why we do not topple this government.

SPIEGEL: Does that mean you just sit and wait for the government itself to say: we cannot make it any more, we do not want to make it ?

Strauss: We would be grateful to anyone who could tell us what the recipe is for an opposition to topple a government. Or would you have the opposition resign instead ?

SPIEGEL: Do you get the impression that the FDP is about to topple the government ?

Strauss: I have no answer to that. You would have to ask the FDP or Mr Genscher who speaks to lots of people and lets it be known that he would rather have a different coalition but that conditions within his own party do not permit it.

SPIEGEL: Did he tell you so in a conversation you had with him ?

Strauss: I have a bad memory.

SPIEGEL: That is what people say.

Strauss: It is one of my handicaps.

SPIEGEL: Does that mean you have to wait until the FDP is ready ?

Strauss: If you can tell me what else is to be done, we will be glad to think about it. I think it is just plain naive to say the opposition can bring the government down. In our country, there are very few ways of putting together a majority unless of course new elections are held as provided for in the constitution. But that is not something we can make use of. The chancellor can, as Willy Brandt did in 1972 when he resigned and opened the way for new elections.

SPIEGEL: Did you talk about that with Mr Schmidt?

Strauss: Certainly not. What is more, conversations with sovereigns are not conducted at so low a level.

SPIEGEL: As long as you are asking for our advice, here it is: Perhaps you should look at the qualifications of the opposition leader and CDU/CSU candidate for chancellor who could be expected to have a minimum of economic expertise at the very least.

Strauss: One need not be another Adam Smith to have more expertise in economic and fiscal matters than Mr Schmidt. As for the economic expertise the CDU/CSU fraction chairman possesses, it is far greater than that of the chancellor. But he simply does not have the knack of spouting platitudes and erroneous ideas with the same amount of pathos as Helmut Schmidt has done for years...

SPIEGEL: ...Does Helmut Kohl know that you hold him in such high esteem as an economist?

Strauss: You can print it in your magazine—then he will know (laughs).

SPIEGEL: You asked us for our advice. We will reply on behalf of the CDU/CSU in your stead. We will win the Landtag elections in Hamburg and in Hesse which will give us a two-thirds majority in the Bundesrat. Then the government will not be able to get any legislation approved and we will block everything the way I proposed in Sonthofen. Then the government will fall in the spring of 1983 at the latest; then we will negotiate with the FDP on which candidate for chancellor it is prepared to accept and then you people from the SPIEGEL will see us present a stable government in 1983, composed of CDU/CSU and FDP and, based on the achievements of this government, we will win the 1984 Bundestag elections in a landslide.

Strauss: I am more than pleased to hear that the SPIEGEL is not only taking over all the proposals I am supposed to have made in the alleged Sonthofen speech, but expanding on them a great deal and putting it all forward as a secret formula for success.

SPIEGEL: We made an effort to put ourselves in your place.

Strauss: What you are imagining and what you are thinking—there is a certain difference between the two.

SPIEGEL: You are telling us that the options of the opposition are limited, so limited in fact that you must wait for the government to fall accidentally or for the FDP to do you the favor of deciding to jump ship some day.

Strauss: Not quite. You must not go from one extreme to the other. You wanted to put words into my mouth you could have had a field day exploiting journalistically and which would have added still another set of somber accents and brushstrokes to the Strauss image you have created.

SPIEGEL: We thought we painted a rather friendly picture.

Strauss: The other extreme is a lot of bunk as well—that we are just sitting and waiting for a divine miracle, twiddling our thumbs piously, casting our eyes heavenward or to the ground. It ought to make everyone think that the SPD is down to 33 or 34 percent now according to the very pollsters whose findings have always been correct, give or take one percent or two. Now I have never been one of those who took the decimal point game seriously. For me, polls never did more than indicate a trend and such indications can never be accurate. That is why I feel it is better to be right though inexact than wrong and exact. That is one of the ways in which I am different from Helmut Schmidt.

SPIEGEL: What do the findings tell you?

Strauss: They tell me that the SPD and FDP together no longer have the absolute majority in parliament at the moment.

SPIEGEL: ...or would not have it, if elections were held.

Strauss: The findings tell me that both within the SPD and among its voters a dramatic loss of confidence has taken place—as evidenced by the communal elections. The upcoming Landtag elections will bear this loss of confidence out. Until now, the FDP has had the undeserved good luck not to be swept along by the SPD downturn. But this changed some time ago. It is not as if Mr Genscher looked upon the present coalition as being sacrosanct and inviolable. The reasons for his total immobility are to be found elsewhere. He simply cannot, even if he wanted to.

SPIEGEL: Do you think he will be able to move in 6 months or a year when he realizes that in 1984 the coalition...

Strauss: ...I would think he saw the light a long time ago, but others have not. Verheugen is still saying today that the CDU/CSU is not acceptable as a partner. One should think back without losing one's temper that the FDP—with Count "Loud Mouth" leading the way—said with some pathos when I was nominated as candidate for chancellor that that made it much easier for the FDP to opt for the SPD. You may recall that I twice said—my own self-estimation notwithstanding—that if I constituted an insurmountable personal problem, the FDP should come out and say who would not be a problem, whom the CDU/CSU would have to nominate in order for the FDP to consider joining a different coalition. At the time, this was brushed aside as being nothing but a rhetorical question.

SPIEGEL: Would you be willing to talk with the FDP today, if they came to you and said, we are prepared to vote for a CDU chancellor; but in that case you would have to put up another candidate.

Strauss: That is a hypothetical, unrealistic question. Names keep cropping up and then they say this is not the one. Let them come out and say whom they would accept, once and for all. The grapevine has it that they would accept Mr Stoltenberg. And then there was another rumor. Mr Stoltenberg's bad relations with the Schleswig-Holstein FDP, it was said, would make him unacceptable after all. I have also read somewhere that Genscher and Barzel got together in secret and the only way one could figure that one out is that the FDP might be thinking of Mr Barzel as a possibility provided they could not work things out with Mr. Kohl. But then again there is still another rumor that says it might work with Mr. Kohl. Under the circumstances, why should I interfere?

SPIEGEL: Still, you are giving thought to the question of whether the FDP might not have an easier time of it with some other candidate for chancellor.

Strauss: It is not a question that causes me sleepless nights for fear of not hearing the telephone ring to tell me all about it.

SPIEGEL: Do we understand you correctly: you believe that the FDP is neither willing, nor able to make a change at this time?

Strauss: Let me put it this way: there is no such thing as /the/ FDP. There is Mr Genscher who ran into all sorts of trouble at the last party congress; against whom segments of his own party are loudly protesting; whose FDP branch in Berlin is being subjected to public ridicule and who has two youth movements—the Judos and the Julis—one of which would like to clobber him while the other is far from satisfied with him. And then there is Count Lambsdorff of whom I have read that he would like to conclude a political pact with Stoltenberg. At the same time, Genscher lets it be known that Lambsdorff's statements along these lines are non-committal. And then there is Verheugen who says the CDU is not acceptable as a partner. And in addition to these, there are influential FDP politicians—whose names I do not care to mention for obvious reasons—who say: do not trust our leadership. They cannot move, they do not want to move because they think they might jeopardize their own positions, if they did. You cannot allow them to lie to you much as they have lied to us.

SPIEGEL: Do you consider your present offer for the post of chancellor the best one possible?

Strauss: In a functioning parliamentary democracy it is a matter of course for the leader of the opposition—and that is Helmut Kohl, the chairman of the CDU/CSU fraction—to succeed Helmut Schmidt, if a change took place. Instead of performing the dance of seven veils, the FDP should come out and say whether it wants to play or not. And if it did, it would probably turn out that it made no difference what it wants because you must not only want something but be able to do it. I am sure you have heard of the prayer which goes: "Dear Lord, you have taken from me the capacity to act; now take from me the willingness to act as well."

SPIEGEL: Stoltenberg has as much as said he would be ready to become a candidate for the post of chancellor, if called upon. He, too, says there is that particular automatic mechanism of which you just spoke. The fraction must be free to name a successor to Helmut Schmidt, if and when the time comes.

Strauss: Stoltenberg, too, thinks that Helmut Kohl is our number one choice in case there is a change during the legislative session, which is to say unless new elections were held. But I want to make myself clear: If the FDP feels and also openly states that it wants to quit its coalition with the SPD under all circumstances but would not be willing or able to do so, if Helmut Kohl were the candidate for chancellor, that would present us with a situation which we would have to talk about. But as long as Verheugen says that the CDU/CSU is not acceptable as a partner at all—what point would there be for us to join in these chancellor candidate exercises.

SPIEGEL: But you would be prepared to think things over, if the FDP were willing to make a change and if it said in no uncertain terms: We are ready to go with Mr X, but not with Mr Kohl ?

Strauss: To pass something like that up would be to violate the dictates of political common sense. Even Helmut Kohl has no interest in a candidacy for chancellor that never succeeds.

SPIEGEL: Who would you say are the potential candidates for chancellor for 1984 or in case new elections are held earlier ?

Strauss: The great difference is that the SPD has a chancellor who no longer really is one and that they have no candidate but that we, on the other hand, have a number of qualified personalities who could do a much better job than Helmut Schmidt.

SPIEGEL: Is Strauss among them ?

Strauss: I believe I am qualified but I have always taken a back seat when it came to our overall needs and that is the case now as well.

SPIEGEL: Does that mean you will not make an effort to be nominated ?

Strauss: I never have. I have said I was available. That was in 1979.

SPIEGEL: Would you be available once again, in 1984 ?

Strauss: Does that mean you are asking me or are you putting me up as a candidate ?

SPIEGEL: We are not empowered to do so.

Strauss: Well then, let us leave it up to those who are.

SPIEGEL: Could we simply ask you: Are you going to state as you did prior to the last Bundestag election that you are available?

Strauss: You are not going to get anything out of me.

SPIEGEL: Then we will have to let it go at that.

Strauss: I say this much: that I do not intend to do so.

SPIEGEL: In view of the events in Poland and the restlessness spreading through the Warsaw Pact area, will the trend to the CDU/CSU get stronger?

Strauss: Things like that are hard to predict because how people react under such pressures cannot accurately be determined. By rights, the Soviet invasion of Afghanistan would have had to strengthen the trend toward the CDU/CSU. Today, this would be different because more and more people have lost faith in Schmidt who made a wrong assessment both of the Polish situation and of Poland's political leaders, as evidenced in his outspoken admiration for Gierek.

SPIEGEL: You criticized the chancellor for staying on in the GDR on that weekend when events in Poland took all of us by surprise. What should he have done or what would chancellor Strauss have done in his stead?

Strauss: One needs to look at the chronology of events dispassionately and without bias. First, Helmut Schmidt cancelled a planned visit once before because dramatic events in Poland connected with the establishment and the activities of "Solidarity" cast a shadow over it. Second, Mr Brezhnev had come to Bonn and apparently suggested that it would be a good idea to build on the favorable climate created by his visit and schedule the Honecker visit as soon as possible. Third, the date of the visit was agreed upon at a time when the leaders of the communist empire were aware that it coincided with the date of the government crackdown in Poland. Anyone who does not believe it should go out and get himself a baby rattle and take it to the nearest children's playground because it would mean that he has not the faintest idea of how the information network inside the Warsaw Pact works. Fourth, Mr Honecker was one of the major agitators and firebrands calling for brutal measures against "Solidarity." Fifth, Helmut Schmidt went though there were no signs in prior diplomatic exchanges as to what the outcome of the visit might be. By going through with the visit, he upgraded Honecker's image immensely. He committed himself to substantial material relief favoring the GDR. He accepted the risk of having been the guest of the most violent agitator against Poland at the very time when the crackdown in Poland took place.

SPIEGEL: Are you saying that he should have or must have known about the crackdown?

Strauss: I am not making any assumptions at all. I am merely saying that a chancellor should only be making a trip when something comes out of it; when a dignified program is being offered to him, and when he can be sure that he is not being had. Now, of course—next Saturday or Sunday—he would certainly not take the trip any more, after the crackdown in Poland has already taken place.

SPIEGEL: Don't you think it is possible that the GDR will relent both on the age limit and on the currency exchange issue ?

Strauss: If that were so, I ask myself why it was not done at the time of the visit.

SPIEGEL: Could you see the government approving the deployment of Pershing 2 and cruise missiles in 1983 in case the Geneva missile talks make very slow progress and produce no tangible intermediate results ?

Strauss: If the government is of the opinion today that it will not do so, then it has lied to Mr Brezhnev, to Mr Reagan and to the public and has then lost the last ounce of credibility.

SPIEGEL: Would you be prepared to deploy the missiles—going it alone, if need be without another West European nation following our example ?

Strauss: For me, it is not a question of going it alone, going it in twos or going it in a group. The only point, as far as I am concerned, is to implement the unanimous decision of the NATO Council, if our security position is not to deteriorate dramatically over the next few years.

SPIEGEL: Do you think it is possible to achieve something in Geneva ?

Strauss: I am neither a prophet, nor a Nostradamus, nor a political astrologer. I will say this: I do not consider the hopes to which our government has given rise by promoting the so-called zero option attainable.

SPIEGEL: What would be attainable ? What kind of solution ?

Strauss: I have no way of telling what is attainable today. They have only been talking to each other for a few hours. I can only base my assumptions on previous experience. SALT I is done with; SALT II never got off the ground and the Vienna talks on limiting conventional armaments have not produced a positive result after 8 years. We must do everything to support an outcome which can be defined as a realistic zero solution in the sense of genuine parity. But we must also point out to the public-at-large and our voters that the talks may fail and that the modernization decision will have to be implemented.

SPIEGEL: Could you see the government opting for deployment of the missiles one year before the Bundestag election ?

Strauss: I still have some faith left in Helmut Schmidt's honesty so that I cannot go along with your suggestion that he was guilty of grand deception on the occasion of the Brezhnev visit.

SPIEGEL: The label "missile party" that has been pinned on the CDU/CSU does not bother you or does it ?

Strauss: The first time Helmut Schmidt said that was in 1958 and then he took over the missiles I had purchased as defense minister, added to them, modernized them and took good care of them.

SPIEGEL: By now, the Greens have not only taken over the ecology and the peace issue; they have also been presented with another issue, that of corruption inside the established parties, the issue of the political contribution scandals. In this connection, do you think there is a danger of the CDU/CSU as an established party falling victim to the general disillusionment with political parties?

Strauss: One always has to take such questions seriously. On the other hand, for years now I have been unable to understand the hypocritical game that is being played around and about the political parties. Political parties have a job to do which the constitution and the political party law assigns to them. To do this job, they need a lot of money. I cannot see why the political parties should not qualify as non-profit organizations. If you ask me how the CSU went about solving this problem—we have substantial debts—there is no corruption in any of it—we have incurred debts.

SPIEGEL: There were no contributions made to your party that you did not tell the tax authorities about?

Strauss: I know of none. The Bavarian Citizens Association, for instance, has said again and again that it supports all parties which favor a market economy, which also helps the FDP; but it has not told its contributors that they might thereby obtain tax advantages. Perhaps there were interest groups elsewhere which support the market economy that made it appear as if contributions to political parties did offer tax advantages. Now that of course would be a legal issue and an accounting matter. Now the last time the BAYERNKURIER's books were audited we had some problems of course; but I personally had nothing to do with them. The revenue people went over some specific matters. There was a court trial but that did not concern itself with tax evasion but with the question of whether something could be termed a business expense or not. As is usual in such cases, we then paid up the back taxes. But that was not a proceeding that had to do with a public prosecutor.

SPIEGEL: Could you give us some examples?

Strauss: There are some matters which could be judged this way or that from a legal point of view. And that even applies to all party newspapers. For instance: a business firm takes out an advertisement but says I do not want all the other party newspapers coming to me, too. I reserve the right to tell you when the advertisement is to run.

SPIEGEL: And the business firm pays for it in advance?

Strauss: Yes, it does. Now in my view, whether they deduct this as a business expense in 1976 or in 1978 when the advertisement actually runs is pretty much immaterial provided the profit picture stays the same.

SPIEGEL: Does the advertisement have to run, in your view?

Strauss: Presently, the legal situation is such that the expenses for an advertisement are deductible in the year that it runs. At the conclusion of our audit, we discussed these things in a perfectly normal way with the tax authorities. I was

not personally present at these discussions but all these questions were resolved in the following manner. Part of them was allowed and another part was not and on these the back taxes were then paid.

SPIEGEL: This was at the BAYERNKURIER ?

Strauss: Yes. I am not aware of any like proceedings in the party.

SPIEGEL: You said that a hypocritical game was being played around and about the political parties.

Strauss: It is an unbearable situation that a society for the promotion of raising pedigree dogs is declared a non-profit organization and political parties are not despite the task assigned to them both by the constitution and the political party law.

SPIEGEL: Over the past several years, the parties have made no attempt to change this situation but have in fact disregarded the law as we are now beginning to see. Can't the political parties—more than others—be expected to comply with the laws they themselves wrote and agreed upon ? And isn't it reminiscent of conditions in banana republics for them to try to evade prosecution and possible legal penalties by coming up with special legislation ?

Strauss: I am the wrong person to talk to. Do not cast me in a role I neither wish to, nor am able to play. I have been warning about this forever and a day and have been pressing for a viable solution. It did not come about because of the inner contradictions and antagonisms of the SPD. That is why the solution presently being planned is bound to be highly questionable. It does not make much sense anyway, even if it does come about.

SPIEGEL: In your view, is the solution being sought—providing for a kind of amnesty for tax offenses by way of a change in revenue regulations—the right one ?

Strauss: So far, I do not know whether there have been any irregularities and if so, of what order. You are making hints all the time and then you keep silent. Was Count Lambsdorff guilty of tax evasion—yes or no ? Was Leisler Kiep guilty of tax evasion—yes or no. And if they were, in what way ? Only then can I form a judgment. Why should I interfere and add to the general confusion by putting in my own two cents' worth ?

SPIEGEL: Aren't people bound to be very irritated, if the Bundestag fractions sit down to discuss a proposed law which is to exempt certain types of tax evasion from criminal prosecution even though, as you yourself have said, nothing but rumors have come out into the open so far ?

Strauss: I have not been conducting the negotiations; nor have I been informed of their result. I am merely pointing that if the result is anything like what I have heard and read, then the fear that it will not settle these matters in any real sense is not unfounded.

SPIEGEL: If the change in regulations is decided upon, then those who made the contributions—which is to say the business firms—would be liable for back taxes running into the millions. Now if that would really happen, it would be bound to put a crimp in the willingness of these firms to make further contributions.

Strauss: (laughs) Now this is one time where I really agree with you.

SPIEGEL: On this happy note, thank you for granting us this interview.

9478

CSO: 3103/182

## FDP REMAINS FLEXIBLE ON LOWER SAXONY COALITION PROSPECTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 14 Dec 81 p 4

Article by Tgn: "Lower Saxony FDP Remains Uncommitted -- No Coalition Statement at Special State Party Congress"

Text Hannover, 13 December -- The Lower Saxony FDP, which has not been represented in parliament since 1978, intends to leave the coalition question open until after the state legislature election on 21 March. This decision by the special state party congress in Bad Rothenfelde, reached early Sunday morning after a debate lasting more than 5 hours, came as a surprise to the more than 10,000 members, the voters and the party's political opponents.

The congress had been called to deliberate on the party platform and to discuss and decide on a coalition statement. The state executive committee had been certain that the delegates would be prepared to make such a statement, thus committing the party as a potential partner in an eventual ruling alliance in the upcoming 10th legislative session. State Chairman Juergens had recommended that the FDP declare its willingness "to hold talks regarding participation in government with the strongest political force following the elections to the state legislature -- in other words, with the party that gets the most votes from the voters." Juergens went on to say, however, that by no means would the FDP enter into a coalition with a party that had won an absolute majority. Juergens had mentioned these general conditions for the FDP's willingness to join a coalition: the potential partner should offer liberal "pledges" and make the FDP platform the common working basis, and it should also declare its willingness to come to an understanding regarding Lower Saxony's posture in the Bundesrat [Upper House of FRG Parliament].

Nevertheless, Juergens' recommendation not to name the supposed strongest political force that would be the probable coalition partner met with scant response in the state executive committee. With 15 votes against 1 by executive committee member Tantzen (Oldenburg), with Juergens abstaining, the committee resolved on the eve of the party congress to propose to the delegates the following concrete coalition statement: "In our parliamentary democracy, political objectives can be accomplished most effectively from a position of government responsibility. In order to implement its liberal policy in Lower Saxony, the FDP is prepared for coalition talks after 21 March with the CDU concerning joint government responsibility."

The party congress presidium recorded 40 requests to speak to this keynote motion, which had been presented by the former head of the FDP group in the legislature, Hirche; deliberations on the motion could not begin until around 2200 hours on Saturday, after the election platform had been passed. It was close to 0330 hours when the in part bitter debate ended this way: The delegates voted 121 to 112, with 2 abstentions, to reject the proposal and to approve in its place this amendment put forward by the Osterholz District Association: "In order to implement its liberal policy in Lower Saxony, the FDP is prepared to enter into coalition talks after 21 March; bases for these talks are the FDP's principles and its election platform; if one party gains an absolute majority, the FDP will go into opposition." Rejected by a vote of 112 to 111 was a motion by Hirche to insert at least this addition: "At the present time, coalition talks are realistically conceivable only with a CDU that has lost its absolute majority."

The CDU, which won 48.7 percent of the vote in the 1978 elections to the state legislature and achieved an absolute majority of the seats in the legislature, declined on Sunday to comment on the FDP Party Congress' decision in favor of a "nonstatement" in the coalition matter. Minister-President Albrecht had made repeated offers of a coalition to the FDP — the CDU's coalition partner from 1977 to 1978 — even in the event of an absolute majority for the CDU; moreover, he had also offered the party two ministerial posts in his cabinet. As for the opposition SPD, which had won 42.2 percent of the vote in the last state legislature election, its parliamentary business manager Scheibe noted that this decision by the FDP had increased the possibility that the CDU would not gain an absolute majority again.

Surprises like that involving the coalition issue also occurred on Sunday during nominations for the FDP's state slate of candidates for election to the state legislature, conducted by the State Representative Assembly in Bad Rothenfelde. There was no contest for the position at the head of the slate; by a vote of 225 to 27, with 11 abstentions, the spot was awarded to State Chairman Juergens, who in August 1978 had replaced then chairman and former interior minister Gross. The state slate of candidates is of special importance to the FDP because only by way of this slate will it be able to win seats in parliament; this is due to its vote total in the election districts, which is again expected to be relatively low. With only 4.2 percent of the vote in the 1978 election — similar to 1970 — the FDP had been forced to take a break from parliamentary activity.

7458  
CSO: 3103/156

## GREENS SEEN AS UNRELIABLE COALITION PARTNER

Frankfurt/Main FRAUENFURTER ALLGEMEINE in German 2 Jan 82

[Article by Bernd Erich Heptner: "Red, Green and Yellow Do Not Go Together"]

[Text] Marburg, 1 January—It took Mr Drechsler, the social democratic lord mayor of Marburg, almost 9 months to figure out that 29 out of 59 seats on the city council do not amount to a majority and that will power alone does not suffice to relegate the CDU—the strongest fraction on the council with 25 seats—to a minority role, if all you have is a multi-colored coalition composed of 22 SPD councilmen, 3 FDP and 4 Greens and the hope that the CDU will never be able to win over the five votes of the DFP.

On several occasions in the past, Drechsler has said that "things are entirely different in Marburg," that in his town the Greens are not really Greens and that things work out in Marburg that do not work out elsewhere. But he has had to come around to the realization that even in his Hessian university town a numerical minority cannot be turned into a political majority. He also had to realize that the politically unique "traffic light coalition," composed of reds, yellows and greens, may make headlines but may not be able to govern. And beyond that, the Greens of Marburg are Greens after all.

A majority of the SPD establishment both in Marburg and at regional party headquarters in Wiesbaden had warned against the coalition. These warnings have now turned out to be justified. The learning process damaged Drechsler's reputation and in the end it was his vote that brought about the demise of the ill-fated coalition, which had only held together from September to December and that was only half as long as it took to build. And now, Drechsler, who would like to be re-elected as lord mayor in 1982 and who looked upon the coalition to help him attain this goal, is back where he was following the Hessian communal elections on 22 March—looking for partners.

After a 9-month delay, Drechsler is now taking the CDU up on its offer, made immediately after the election, to negotiate about a firm coalition "without pre-conditions." But given the lord mayor's self-inflicted embarrassment, the CDU's price both in terms of issues and personnel is sure to have risen. After intra-party discussions are completed, a first round of talks between SPD and CDU is to be held in mid-January to agree on cooperating during the remainder of the city council session—and it might include the FDP as well.

The reason why these talks did not come about right after the election and the multi-colored experiment was conducted instead was that many social democrats were less than happy about SPD-CDU cooperation during the last session of the city council. Many issues were put to one side or simply blocked. The CDU and the SPD did not view their cooperation in terms of a coalition but rather a "defense pact" directed against the DKP which had by then been voted into the city council. There was one other reason—perhaps the most important one as far as Drechsler was concerned—that made the SPD turn down the CDU offer of coalition talks. Prior to the communal election, the CDU let it be known that it would not support the re-election of the SPD lord mayor in 1982. Though it had voted for him in 1976, it now was the strongest party on the council and therefore expected to fill the lord mayor's post with its own man. The SPD would have to accept the deputy mayor's post under the circumstances, as the CDU had previously. Although the CDU later proposed coalition talks "without pre-conditions," its persistence on this issue did not make it appear as the most desirable partner to Drechsler. Drechsler's own wish to stay on as lord mayor and the left leanings of a large part of the Marburg SPD, disunited as it is, go a long way toward explaining why Drechsler started working on the tricolored coalition on election night and stayed with it from then on.

It is hard to say whether the CDU will be able to achieve its goal in terms of personnel policy. Its position has become more complicated than it was during the past few months when it was able to pursue clear and distinct opposition policies. If it asks too high a price in terms of issues and personnel, the CDU knows that resistance within the SPD might increase to such a point that Drechsler will fail in his attempt to put his new coalition plans across. The CDU does not wish to create the impression in public of resorting to blackmail; nor does it wish to help the SPD and Drechsler make such a good impression themselves as to make people forget the daring experiment with the Greens. And finally, the CDU has visions of what it might be like, if it gained the absolute majority in the next communal elections at long last.

The incident which prompted Drechsler and the prudent members of his party to put an end to the 3-month experiment shows just how dangerous the game with the Greens really was. We are referring to the violent demonstration against the extension of the Frankfurt airport which took place on the Schlossberg in Marburg on Repentance and Prayer Day which included both DKP and Green city council members. After wild rioting by fanatical opponents to the airport expansion which exposed visitors to an exhibit opening, among them minister president Boerner, to bodily harm, the Greens were unwilling to disassociate themselves from these excesses. After the riot, CDU, SPD and FDP were in general agreement on doubting the Greens' capacity for cooperating with them.

For all that, the Marburg experience merely proved once again that the Greens' activities inside the parliament and their extra-parliamentary citizens' initiatives are closely intertwined and in effect constitute a dual strategy. The Greens look upon themselves as a party of protest which wants to be represented in parliamentary bodies for publicity reasons but is not prepared to enter into

any arrangement with another party which calls for compromise except with "great trepidation," as one member of the Marburg city council puts it. The real parliament for the Greens would appear to be the street, as evidenced once again by the recent events in Marburg. If faced with the choice of doing parliamentary work or taking part in a Green protest rally, they will opt for the latter every time which they consider an element of the popular referendum process. An example from Frankfurt proves our point. At a recent meeting of the buildings committee, the Greens did not attend. On their places they had left slips of paper which read: "On a day on which thousands of citizens are offering resistance to the insane West Runway project which combines super technology with the destruction of ecological cycles, our place as Green parliamentaries can only with those who have gathered in the Floersheim Forest to offer non-violent resistance."

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CSO: 5103/183

## BRIEFS

ALTERNATIVES' CANDIDACY IN HAMBURG -- In the Hamburg city elections this coming June, an alternative slate will also be fighting for entry into the city-state's parliament. The Hamburg "AL" [Alternative Slate] was founded this weekend following 2 days of discussions. The groundwork had been laid by elements of the "Mixed Slate," which had garnered almost 4 percent of the vote in the last city elections, and of an action group favoring an alternative slate. Unlike the Mixed Slate, the Alternative Slate recognizes only individual memberships. Excluded from membership are members of fascist or racist organizations. No longer up for debate at the founding congress was the issue of an election alliance with the DKP, an alliance that had been sought by this party. It was decided that at least as many women as men would have to be elected to the committees of the Hamburg AL. The women's domain is autonomous within the organization. Extraparliamentary activity takes precedence over parliamentary work. Not yet decided is the question of whether the Hamburg AL will enter into a campaign alliance with the "Greens," who are also gearing up for the election. The Greens have said they favor putting up city election slates divided 50-50 between Greens and Alternatives, but this quota is meeting with resistance within the AL. Polls show that a substantial voter potential exists for Greens and Alternatives in Hamburg. As things stand now, together they could definitely leap the 5-percent hurdle by a good margin. [By Karsten Plog]  
[Text] [Frankfurt/Main FRANKFURTER RUNDSCHAU in German 1 Dec 81 p 4] 7458

JUDOS SUPPORT RUNWAY OPPOSITION -- Even if the referendum on expanding Frankfurt airport is rejected, Hesse's Young Democrats consider further resistance to construction of the west runway to be "legitimate." Even if the Hesse State Court dismisses the petition by environmental protectionists to allow the referendum, this does not mean the end of the confrontations, remarked the state chairman of the FDP's youth organization, Goetz Kaschubowski, on Thursday in Frankfurt. Kaschubowski said the referendum was merely a "flanking maneuver" by the expansion opponents. He noted further that the state court would be deciding only the admissibility of the referendum, not the necessity of the airport extension and its effects on the environment. In the future as well, the citizens affected by the expansion would retain the right "to take action against this measure within the framework of the democratic constitutional state." The Young Democrat called for nonviolence on the part of the environmentalists, so that the "runway opponents' front" would not be divided. [Text] [Frankfurt/Main FRANKFURTER RUNDSCHAU in German 27 Nov 81 p 19] 7458

GREENS' STATEMENT ON RUNWAY — Hesse's Greens view as "further evidence of the existence of an all-parties coalition" in the Hesse State Legislature the approval by all three parliamentary groups of expansion of Frankfurt airport and rejection of the referendum opposing the extension of Rhine-Main [Airport]. In a statement published on Thursday in Frankfurt, the environmentalist party characterized as "proof of the spiritual poverty" of a parliamentary democracy the fact that the runway opponents are represented in the state legislature by not one single deputy. The "100-percent" accord between the SPD/FDP coalition and the CDU opposition is perverting the parliament and turning it into an "agency in opposition to the people." The Greens charged the state government and the police with "perfidious, depraved" policies for having cleared the third shantytown set up by expansion opponents at the airport and for having arrested 35 runway opponents on Wednesday. They said the government was blackjacking protesting citizens, ignoring nearly 220,000 signatures favoring a referendum and seeking to criminalize "representatives of the opposition," such as the spokesman for the "Working Association for a Referendum," Alexander Schubert. [Text] [Frankfurt/Main FRANKFURTER RUNDSCHAU in German 27 Nov 81 p 19] 7458

CSO: 3103/156

## PAPER URGES JARUZELSKI TO FIND WAY FOR CHANGE

Helsinki HELSINGIN SANOMAT in Finnish 15 Dec 81 p 2

[Editorial]

[Text] Looking from the surface, martial law is Gen Wojciech Jaruzelski's attempt to rescue Poland from economic and political disaster, into which the nation was rapidly plunging. The government's grip was easing and Solidarity was unable to channel its power in such a sensible line as is necessary to ensure the functioning of an organized society and the gradual realization of reforms.

For the short term Jaruzelski's strong measures will be expected to cause certain relief both in Poland and abroad. The central problems of the Poles are to a great extent connected with securing the basic things of everyday life, and so the order has its attractive points.

The first outside statements strongly and nearly unanimously stress that the crisis be considered as a local crisis. Nobody wants to internationalize the Polish burst because the status of detente after all is so weak that it will not bear new shocks. Such as would be, for example, the Soviet Union's direct interference in the Polish matters.

The martial law, however, does not solve anything. Soldiers can change the course of history only temporarily as we have seen in other European countries. The Polish society is economically and politically bankrupt and the respected army may patch up the situation only momentarily if it does not take up large-scale oppression. That again is notably more difficult a task in today's Europe than it was only a few decades ago.

It is in everyone's interest now to address matters by their proper names. Polish socialism is not functioning, as the rapid growth and popularity of Solidarity plus the economic situation in the country indisputably indicate. Examined from this starting point it is self-evident that political life needs to be corrected.

It is not realistic in today's Europe to think of Poland turning into a capitalist country. But turning her socialist system toward the Hungarian or Yugoslav model is an urgent task. The economy of an industrial nation with limited

natural resources will not endure strict socialism, and the demands for a change are growing year by year on a political level as well.

The martial law is an indication of the necessity of change. A detail, which people in well-to-do industrial nations who are preparing for Christmas will not stop to think, tells in plain language about the nation's economy: in Western countries food and medicine are being collected for Poland, which, after all is a big European industrial country.

The Polish martial law differs from a traditional military coup in that Jaruzelski has in his moderate fashion left the doors open for arbitration by acknowledging Solidarity's status as a Polish might. Negotiations with Lech Walesa and assurances of continuous reforms might be bluff, but considering Jaruzelski's previous actions there is no reason to doubt his willingness to settle. Its necessary requirement naturally is to avoid violence.

Jaruzelski's duty is enormous. In difficult and exceptional conditions he has to solve the basic problem still unsolved in many countries, and which has taken years everywhere: How a socialist society will be able to respond to the pressures of variation. Without this answer there will be no hope for the rise of Poland in the near future.

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CSO: 3107/36

## PARLIAMENT INVOLVEMENT IN PRESIDENTIAL CAMPAIGN VIEWED

Helsinki HELSINGIN SANOMAT in Finnish 15 Dec 81 p 2

[Editorial]

[Excerpts] At the end of the fall term the work of the Parliament seems to have contracted presidential election fever. The Center Party and the Communists have given the Speaker's Council a reason to decide, whether the term will be ended according to its goal this Friday or if Parliament will still assemble in January. Solving this the Speaker's Council must in a way take a stand on the subject matter in the election, into which the two parties now would also stir the people's pension reform, the ice-fishing law, not to mention the broiler chicken production.

The people's pension reform reached its so-called historic compromise as early as in Sorsa's Cabinet in the spring of 1978, before the parliamentary elections. The first phase of the reform became effective at the beginning of last year. The second phase is due to become effective at the beginning of 1983 and the legislative proposals concerning this are under Parliament's consideration.

The biggest disputes came on the funding of the pension reform, which the tax division of the treasury committee sees, and with good reason, to be standing on a weak foundation; and about the pension income deduction connected with tax exemption of a minimum pension. The Center Party and the Finnish People's Democratic League would like to tie that to an index, although no adequate clarifications exist concerning the meaning of indexing.

The party political pressure may unfortunately lead to rushed decisions on the pension issue. Those pressuring on this issue know that hardly any party would dare to slow down the legislative process of the pensions in an election race. Such a party would easily be accused of opposing this retirees' issue although this of course is not in question.

Since last spring the Parliament has made tens of changes in the pension law. Naturally, there has not yet been enough time to adequately consider all of them. It is, however, a venture that will take a lot of money. Therefore, it would be good if the reform could simmer till after the elections and if the new Cabinet would return to it.

It should, however, be much simpler to correct the ice-fishing regulations in connection with the reform of the fishing laws, on the basis of Parliament's proposals. But here, too, those parties most well-informed on the fishing matters have the advantage in the committee. They voted for the regulation, the content of which would notably worsen and complicate every man's ice-fishing rights, which the Cabinet had proposed.

The parties are naturally willing to take advantage of many different gimmicks in the election campaign. But it is to the advantage of the Parliament's prestige to solve matters in a businesslike manner and to retain the relatively accommodating line observed during the fall term and until today.

9718  
CSO: 3107/36

## CFDT LEADER ON UNIONS; NUCLEAR, NATIONALIZATION POLICIES

Rome POLITICA ED ECONOMIA in Italian Nov 81 pp 28-29

[Interview with Michel Rolant, member of the national secretariat of the CFDT; date and place not specified]

[Text] POLITICA ED ECONOMIA: In the past few weeks the CFDT has criticized some of the initiatives and programs of the government of the Left, and has claimed in general that the "tempo" of the government's actions is out of step with that of the trade unions' initiatives for reforms. On what concrete subjects has there been the most disagreement between you and the government?

Rolant: Yes, there has been fairly strong disagreement in the past few weeks about the government's priorities in the steps it is taking to transform our society. Ever since the Left took office (and we made a significant contribution to its victory) we have tried hard to establish a relationship of critical support with the government which would respect the self-determination of the trade union movement and at the same time help this government succeed. So we have supported all its initiatives that tend to expand freedom and reduce inequalities, especially where unemployment is concerned. But recently we have been obliged to take note of the fact that the government's actions have not adequately met the need to mobilize the people. And if the people are not mobilized the government's policy cannot succeed in the long run. I can give three concrete examples. The first regards decisions on the subject of energy policy.

POLITICA ED ECONOMIA: The CFDT has called for a drastic reduction in programs to develop nuclear energy, and I think that to a certain extent this reduction has come about.

Rolant: It's true that we have asked that the nuclear program be cut back significantly so that we can have a more diversified energy policy which is more consonant with the needs of our economic development. Even though the socialist party entered into an agreement with us on this subject, the government and Parliament have expressed their intentions of continuing the old nuclear policy (that of their bourgeois predecessors in office). This is a very serious matter which goes well beyond the need for joint action between the government and the popular movement. As for the reduction in the nuclear program that you allude to, it has been minimal, and the construction of six new power plants even exceeds the forecasts of the utility company. A decision has also been made to build a

new nuclear fuel processing plant, without any justification being offered for it in terms of industrial policy.

A second example of our differences with the government concerns the draft law on nationalizations. We are in favor of enlarging the state-owned sector of the economy only under certain conditions. We favor state capitalism, the taking over of business and industry by the state. We are for "socialized" firms having a large degree of autonomy in which--within the context of democratic planning--workers can have more say in their firms' management. In this area we disagree with the government because it has adopted the position that for the time being we should not go beyond the state's assuming the ownership of a certain number of firms, without saying what industrial and financial policy it intends to adopt and without defining the workers' role in the operation of these new government-owned firms. The government has asked for time to think about these matters, which are as important for us as the assumption of ownership.

POLITICA ED ECONOMIA: Don't you think the government's position is designed to achieve a certain "gradualism," so as to avoid further exacerbating the already sharp social confrontation in this area?

Rolant: There is very strong support behind the Left on this subject. For this reason we believe that it is possible to change the quantitative and qualitative relationships between the public and private sector at the same time, changing the premises the new public firms will be founded on in terms of industrial policy and democracy. The government's position has changed a little recently, mainly thanks to our protests I think, and the nationalization plan has been improved in certain respects. In particular the government has undertaken to submit draft legislation on the "democratization" of state-owned firms in a few months, instead of in a few years as it had previously intended. So there are some signs of positive dialectics between the government and the trade union movement.

The third example of our differences with the government concerns the rights of workers in firms. We think the workers should feel the change of government in their daily lives, in working conditions in businesses and factories, in altered hierarchical relationships, tempos and disciplinary systems, etc. We have drawn up a series of proposals about all these matters and submitted them to the Ministry of Labor. But the government seems to want to ignore them on the pretext that during the present crisis, managers and officials of firms mustn't be dealt the blow of hearing new workers' rights announced. We feel, on the other hand, that owners and managers know perfectly well that the country's shift to the Left signifies that the workers want a change and it is no use waiting any longer, falling back so as to spring forward better; instead we should accept all the consequences of the new rules of the game which everyone is aware of. The sooner this is done the sooner France's economy can recover. Besides, the workers' faith in the government would be reinforced if this were done, and that would mean a mobilization of the people.

POLITICA ED ECONOMIA: Given the new political situation and certain changes that are taking shape at the top of the CGT, what are the prospects for collaboration among the trade unions?

Rolant: Unfortunately the situation is very negative, despite our efforts to promote a minimum of unity of action. There are many precise matters, clearly defined, which the confederations could agree upon, from the financing of social security to reduced working hours, etc. But the sectarian nature of the CGT--which seems to have become more pronounced since 1980--stands in the way of unity of action, both among confederations and among sectorial federations. The last national committee of the CGT revealed the fact that the organizations of the CGT had received precise instructions to avoid unity of action at all costs. Some communist comrades have expressed their disagreement with the Confederation's methods, which is going against the relatively open line it adopted at its 40th congress.

POLITICA ED ECONOMIA: Are relations better with the third confederation, Force ouvrière [Workers' Force]?

Rolant: No. In this case, too, the situation has worsened as a result of the change in government. In the past, Force ouvrière was in a sort of privileged position in dealing with the government. Today it is suffering from a wallflower complex and is inclined to fall back on a type of trade unionism resembling that of the truck drivers of Chile--a corporative trade unionism--with short-term positions to defend on behalf of the special interests of certain categories, even though this means sacrificing the chance to achieve a radical transformation of French society.

POLITICA ED ECONOMIA: As you were saying, the important nationalizations that have occurred, or are about to, involve hundreds of thousands of workers and open up new vistas for worker "participation" in the decision-making process of firms. What are the CFDT's proposals about the management bodies of the new nationalized firms?

Rolant: We propose transition structures and final structures, so as to take into account the need for a sort of breaking-in period for the process of nationalization. But even though our proposals approach the matter gradually, so far they have not found favor with the government. Let us look briefly at what we propose for the transition structures. The state would appoint the managers of the new firms; these managers would be responsible mainly to the state. The workers would elect functional bodies at all levels of the firm (department, plant, juridical person, holding). These elected bodies would have a decision-making role only at the lowest level--the departmental level--and it would be exercised jointly with management. At the other levels they would have purely supervisory and advisory functions. We would hope, however, that even these "supervisory councils" would have veto power regarding the major investments and restructuring to be implemented at the level of the firm.

POLITICA ED ECONOMIA: When should the passage from transitional to final structures take place, and what would the final structures be like?

Rolant: We think that the transition structure should not last more than 2-3 years, in other words the time needed to formulate the national democratic plan. The attainment of self-management by firms should be hand in hand with the implementation of a national democratic program that can guide investments and the economy as a whole.

Our proposal for the final structure, in brief, is as follows. At the department level, the workers' council will have the right of management. This will be true at the plant and firm levels too, although in these cases there can be some external participation in management, but it would be in the minority. Holding companies should be dissolved, we feel; there are no socialist holding companies when there is a plan. According to this scheme, all the most important decisions about investments and the restructuring of firms are dictated by the "contract" between the firm and the plan, at the national and regional levels. Of course we realize that this scheme is valid for "pure" industrial firms like Dassault, but the matter is more complicated in the case of firms which are almost monopolies or which produce public services or belong to the financial sector. In these cases the public has a more direct stake and this must be taken into account, when management structures are defined, on a case by case basis. One type of solution, for example, could be the creation of a supervisory council--beside the workers' management council--that would have a veto on the most important decisions. In this council the State should have the majority, albeit through different forms of representation (national, regional, local and consumers' collectives, etc.)

POLITICA ED ECONOMIA: There is a lot of talk in Italy about a "social pact"; major sectors of the government are putting pressure on the trade union movement to undertake binding commitments regarding their strategies for achieving their aims. Is this attitude found in France, too, with a government of the Left?

Relant: We are hostile to the idea of a comprehensive social pact for two principal reasons. Firstly, because it undermines the autonomy of the trade unions and modifies the nature of the trade union by giving it a management role in society. Secondly, because that sort of compromise doesn't take into account the inevitable evolution of situations and tends to tie the hands of the popular movement. So we say no to an overall agreement, but--and here I am expressing my personal opinion, because we are still discussing these matters--given the nature of political power in France, I do think we have to go beyond mere consultations between government and trade unions. I think that on precise, clearly defined issues we could move in the direction of a "quasi-contract" between the government and the trade union movement. After all, the last government did this with employers. Now it is not a question of paying no attention to the requests of employer organizations, almost as though they didn't exist, but of emphasizing a new, privileged relationship between the government and the trade union movement--a relationship that there would be no attempt to conceal--which would enable public opinion to see where we are headed, who is in the opposition, who is responsible for the choices being made, etc. There would be an openness in politics which is also, I believe, a sine qua non for popular mobilization.

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CSO: 3104/69

POLITICAL

ITALY

PCI SECRETARIAT PUBLISHES RESOLUTION ON POLAND

PM080941 Venice L'UNITA in Italian 30 Dec 81 pp 1, 14

[Apparent text of PCI Secretariat 29 December resolution: "Opening a New Phase in the Struggle for Socialism"--first paragraph is L'UNITA introduction]

[Text] The PCI Secretariat drew up the following document yesterday, on the directorate's instructions:

1--The Communists have already expressed, and confirmed, their clear-cut condemnation of the military coup in Poland, the arrests and committals to court martial and the prohibition of all activities by political, trade union and social organizations. These measures, which are incompatible with our democratic and socialist ideals, cannot resolve the Polish nation's profound crisis. Nor can they be justified by the need to salvage the substance of a socialist-type regime, because when one can no longer deal with the protest of the working class and the people by political means and one resorts to military strength, it constitutes a blow to the very cause of socialism.

Since the outbreak of the Polish crisis in summer 1980 the PCI has not hesitated to side with the advocates of the democratic regeneration of that country's political and social life and has given every possible kind of support to the efforts and attempts that have been made in that direction by the Polish United Workers Party.

We particularly welcomed the birth and development of the Solidarity Trade Union, being convinced of the need for trade union autonomy in socialist societies too.

On several occasions, both publicly and privately, we have expressed our opposition to outside interference, pressures and interventions.

We have missed no opportunity to appeal to the sense of responsibility of everyone involved, including the workers and the trade union.

We have demonstrated our full backing for attempts to bring about a convergence within Poland's political leadership and in that society's action for democratic renewal among the principal forces active in that country, so as to preserve national independence and the socialist gains and move forward.

The 13 December coup brutally cut short this process. We confirm that it must be resumed, despite the extent of the rupture caused.

The PCI mourns the victims of the tragic bloodshed, confirms its solidarity with the Polish people and reasserts its demand for the immediate restoration of civil and trade union freedoms, the resumption of dialogue and the quest for understanding among the fundamental components of Polish society and life--the party, the trade unions and the church--once they have been enabled to function freely; only the Poles can resolve their own country's problems, in full independence and autonomy and with no outside interference.

It is the desire of the West European democratic, socialist and Communist forces and of the progressive and peace-loving forces of the entire world to facilitate and guarantee a peaceful and democratic solution to the Polish crisis. Extremism, reprisals and sanctions threatened against this or that country or, worse, calculations for ulterior domestic motives serve only to set back the whole of the European history of recent years and to recreate a cold war climate, and do not serve Poland, Europe or the world. Moreover, it would be very dangerous if the Geneva negotiations and every other attempt at dialogue and at agreement on disarmament were to be interrupted because of the Polish events. Criticism and condemnation, however harsh, must not be divorced from responsible and far-sighted action to ensure that the Polish people can recover freer and more democratic conditions. This depends partly on the resumption and development of detente in Europe and worldwide.

It is therefore irresponsible as well as cynical to evade the obligation and duty to provide aid which can alleviate the Polish people's suffering and distress and improve the chances of an exhausted economy. The PCI gives and will continue to give its total support to all political and diplomatic initiatives and will participate in all mass initiatives to these ends.

2--The PCI confirms its belief that democracy and socialism are indissoluble and can only be established within full respect for every people's right to decide their own future.

The dramatic events of the past few days make us even more convinced of the need to impart a new thrust to the struggle for democracy and socialism throughout the world. This need exists not only because of the different conditions under which the West European leftwing forces have to function. The fact is that we are now witnessing in the East European countries recurrent and dramatic crises that cast doubt on the monolithic conception of power, the absence of institutions that properly represent the ramifications of society, the rigid and hierarchical approach to relations within the "socialist camp" and the idea of socialism as a model, not as a historical process developing worldwide in the most varied ways.

A contradiction has emerged between a series of democratic and socialist factors--natural growth and the new ramifications introduced by the development that those countries have undergone--and a system which does not permit real democratic participation in either the production or the political spheres.

This all eventually nullifies freedoms and creative energies and also restrains those societies' economic, technological and cultural dynamism, nurturing a continuous conflict between reformist thrusts and authoritarian constraints.

It is therefore necessary to realize that this phase in the development of socialism, which began with the October Revolution, has exhausted its driving force, just as the phase in which the socialist parties and trade unions emerged and developed around the second international also became exhausted. The world has moved forward and has changed, partly thanks to those historical events. It is a matter of transcending them by looking ahead. Mankind is confronted with gigantic and unprecedented tasks--involving even its own survival--which capitalism is no longer able to resolve. The peoples are expressing new needs and thrusts in various ways not only in the countries of the capitalist West and in the Third World countries but also in the socialist-type countries.

So the real answer to these issues--the most positive and most advanced answer--does not lie in closing one's eyes to reality and to its tragedies or in issuing antihistorical abjurations. It lies rather in a conception of the struggle for socialism, for the elimination of capitalism and the old power structures, as an open process which also experiences lulls and setbacks, but which has already brought mankind a long way. A process in which we must be involved--with our critique but also with our action.

The advance of socialism is entrusted in the present phase more and more to democratic and socialist ideas and gains in the developed capitalist countries, especially in Western Europe, and to the success of the more successful socialist-inspired experiences that are proceeding along original paths in the Third World countries. It is essential to impart a thrust to and to provide new horizons for the struggle for socialism in Western Europe, so as to open up a new phase for socialism worldwide and to contribute to the democratic regeneration of the East European societies.

--The crisis that exploded in Poland in summer 1980 has manifold causes. It was in fact a very acute social and political crisis which shook and is still shaking that society to its very roots. It cannot be attributed to the maneuvers of reactionary forces hostile to socialism, though obviously it did provide and still provides scope and opportunities for all that. The crisis has distant roots and cannot be explained without centering the critical analysis on the Polish political system, its rigidity and resistance to any kind of real change.

On the other hand, the economic difficulties, which were the immediate cause of the Polish working class' dissatisfaction and revolt in Gdansk and all that country's factories, were the outcome of an economic policy and a kind of development imposed on that society--especially in the early seventies--which conflicted with the real possibilities and increased various kinds of imbalances and distortions because the necessary economic reforms were not carried out. But it was not solely a matter of economic difficulties.

The dissatisfaction and revolt were directed against the absence of democratic life in that political system, against relations between the party and the masses

that had become essentially bureaucratic in nature, against the official trade unions' inability to defend and protect the workers' everyday interests and also against the positions of privilege and cases of corruption within the context of the party itself. In August 1980 one could clearly see the importance of the absence of representative bodies and communication channels through which critical opinions could be formed and expressed and a change of approach in economic policy could take place on the basis of the necessary consensus. In fact the issue of changes and reforms in the country's political system was being raised.

Pressure for changes in this direction came from the nation as a whole and from the enormous development of Solidarity, which took the place of the old trade unions, discredited in the eyes of the working class and the workers masses. The success of Solidarity, strength' ed partly by the support of millions of Communist workers, was a demonstration of the vigorous appearance on the political scene of the Polish working class, which demanded a real opportunity for involvement in the management of enterprises, the economy and the state.

Pressure for changes came also from the fact that the Catholic Church and throughout the years maintained and increased its influence and prestige and was constantly growing as a national force in Polish life. Pressure in the same direction came from other social and ideological forces, including an intelligentsia with rich democratic cultural traditions.

In view of the scale of this crisis there was insufficient consistency and resoluteness along the path of renewal. Indeed, it now seems clear that a full share of responsibility should have been given to the workers and all the fundamental components of Polish society in a joint task of reform and renewal. And this was only possible through a transformation of Polish socialism in a democratic and pluralistic direction, taking into account the real conditions.

In the PZPR an attempt was made in various ways in this direction: This is demonstrated by the lively debates and radical changes in its leadership group. But this effort was unsuccessful. It was hindered by persistent forms of dogmatism, conservative stances, widespread inertia within the party itself--it too the result of a long period of bureaucratic practice--and by vacillations and uncertainties.

The USSR and other Warsaw pact countries exerted great negative influence on this crisis.

There were heavy pressures, illicit forms of interference and an incessant political and ideological campaign against the renewal effort to which a major section of the PZPR, Solidarity and the church were committed. This all helped to hinder the necessary isolation and defeat of the various extremist thrusts that emerged in Polish political life, in the Solidarity Trade Union and in the party and that aimed at confrontation. These thrusts prompted Solidarity to put forward demands some of which were untenable in the country's economic and production situation. But it must be said that even these thrusts, which prevented the Polish working class from fully shouldering its responsibilities

as a national ruling class, were partly the result of a process that developed over the years and that led to worrying forms of alienation from politics on the part of a large proportion of the working class and other strata, including the younger generations.

4--Polish events over the past 18 months and their tragic outcome over the past few days demand a more general consideration of the socialist-oriented societies, their historical and political record over the past 35 years and the present problems of the struggle for socialism and Europe and worldwide.

The starting point for this deliberation, which did not begin yesterday for Italian Communists, concerns the damage caused by the adoption of a single model--the Soviet kind--in the East European countries, with regard to both their economies and above all their political systems. It cannot be said that it was an inevitable result of the Yalta accords: Indeed, in the immediate post-war period a debate took place among Communist leaders on the original character that the people's democracies should adopt. The turning point was the establishment of the comintern in 1947 and the 1948 condemnation of Yugoslavia, which was determined to pursue--and did pursue--its own original road toward socialism. A contribution to it was made by the exacerbation of international tension, with the cold war. The fact is that it was the beginning in all the East European countries of a harsh period which nullified--sometimes through tragic trials of leaders and party members--the attempts that had in fact been made until then in various countries following the defeat of Nazism to build political systems which, while breaking away from past reactionary and authoritarian traditions and on the basis of a policy of friendship with the Soviet Union, would take into account the history, social structure and culture of the various peoples.

This is how those countries saw the establishment of a process of adaptation to all the principal aspects of the Soviet model--a model that in subsequent years became the object of radical indictments within the Soviet Union itself.

The countries labeled "people's democracies" undoubtedly achieved major successes in the field of economic building, cultural development and the raising of living standards; but those countries were prevented from carrying out a real, democratic development, even in the economic field there was an accumulation of contradictions that became more and more serious and, at least in some countries, the national identity itself was nullified in various ways.

It is no coincidence that Poland's first serious post war crisis exploded soon after the denunciation of Yugoslavia. The charges of nationalism leveled at the Polish party's leadership group were a sign of the process that it was attempted to impose on the East European countries in those years.

For a country such as Poland, in particular, the building of a new and more advanced social and political system could not fail to take into account the characteristics of the Polish nation's history and culture, on account of the existence of broad masses of peasants with their own organizations, the influence and national role of the Catholic Church and also the presence of sizeable Jewish

minorities. In the economic field there was a pressing need for a framework that would take into account the interests and aspirations of various social strata. Therefore the basic adaptation to the Soviet model constituted for Poland--as it did for Hungary and other countries--a serious mistake which made its burdensome effects felt in the years to come.

Within this context the 20th CPSU Congress was an exceptionally important event and inspired great hopes. The congress brought a return to a discussion of the need for different roads to socialism, and an undertaking was made to work specifically for the full restoration of socialist legality and for democratization. There was a serious consideration of the issue of different kind of economic, political and cultural relations between the Soviet Union and the other Eastern bloc countries, based on full observance of every state's sovereignty. The concept of the leading state and leading party was declared obsolete. New potentials seemed to emerge in the various East European countries and in the Soviet Union itself--and in the rest of the world too, thanks to the policy of peaceful coexistence, which received a decisive boost from the 20th congress.

After some years, however, this regeneration process--which even from the outset always advanced amid contradictions, uncertainties and resistance of various kinds--gradually came to a standstill, as Palmiro Togliatti observed in his 1964 "Yalta Memorandum." And this happened partly because of the very limitations of the 20th congress which, by concentrating its critique on the so-called "personality cult," failed to carry out a thorough analysis of the structure of the USSR's political system.

5--Hence the need for a more thorough deliberation extending beyond the criticism of individual errors. Why did repeated regeneration bids fail there? Objective difficulties, the pressure of the enemy who for years held the threat of war and internal subversion over those countries, anxiety concerning encirclement and the asperities of the cold war do not explain it all. The proof came with the invasion of Czechoslovakia in 1968.

In that country action to set in motion a new democratic course was undertaken and led not by a force such as Solidarity but by the Central Committee of the Communist Party of Czechoslovakia, which was determined to reform a political and economic management system that blatantly conflicted with Czechoslovak society's level of economic and cultural development.

The Czechoslovakia invasion, with the violent interruption of the noble regeneration attempt, therefore proved that the need for a thorough reform of the Eastern bloc regimes conflicted not only with the Soviet model but also with a conception of the "socialist camp" that limits the autonomous development of the allied countries.

It is true, as we are well aware, that the development of coexistence and the defense of peace cannot now leave out of consideration the existence of the two blocs in Europe and that destabilizing ruptures involve serious threats to peace. But this cannot justify the stifling of the needs for freedom, independence and the regeneration of economic, social, political and cultural life now being

expressed throughout the world. Indeed, coexistence must be a condition and tool for the advance of these processes within peace and security. Therefore the blocs must not be conceived either in the West or in the Eastern bloc as immobile and immutable realities, ideological and military camps governed by power logics. They are rather a political reality, which the development of peaceful coexistence itself must begin to transcend. And peaceful coexistence itself cannot be solely the expression of interstate diplomatic relations and understandings, but demands the active involvement of the peoples, and first and foremost of the major movement for peace.

With regard to the Polish issue, as on other crucial international issues--Euro-missiles, the banning of nuclear weapons, Europeanism, the Mediterranean, a new kind of North-South relations--the PCI therefore confirms itself as the only major Italian political force that does not identify with the blocs logic--the most courageous and the most autonomous. The same cannot be said of other parties which grossly manipulate Poland's tragedy but remain silent about the victims of imperialism in so many parts of the world and try to build their fortunes by portraying themselves to Washington as its most helpful and submissive ally.

Hence our refusal--for Italy and for every other country--to accept a logical whereby the necessary changes are sacrificed to security as conceived and imposed by the hegemonic power. This is the precondition for beginning a new phase in the struggle for peace and socialism that will, on the one hand, tackle the new contradictions emerging from the world's present structure and, on the other, provide an answer to the new needs emerging, in all social systems, from the more advanced conditions of development, awareness and scientific and cultural potentials.

So by analyzing in depth, without embarrassment or reticence, the crisis of the Eastern bloc countries, we in no way reach the conclusion that the prospects for socialism are obscured or that these events demonstrate its failure.

The frontiers of socialism do not coincide with the borders of the East European countries, since socialism is a historical movement developing on a world scale.

6--The October 1917 Socialist Revolution in Russia was the major revolutionary event of our era. It exerted an enormous driving force throughout the world for the development of the struggles for the liberation and emancipation of the workers and oppressed peoples.

Amid asperities, heroism and huge sacrifices and despite the burden of the tragedies and degeneration of the Stalinist period, the Soviet Union freed itself from the terrible backwardness of the prerevolutionary era, became a major industrial power and managed to withstand the offensive of Nazism and fascism and make a decisive contribution to their defeat, opening up a new road for the peoples of Europe and the entire world. The October Revolution smashed the unchallenged rule of capitalism and imperialism, helped the emergence of Communist parties throughout the world and imparted a thrust to their economic and political emancipation struggle and to that of the revolutionary liberation

and independence movements of the former colonial peoples of Africa, Asia and Latin America. The gains which stemmed from the October Revolution for the workers and people's masses of so many countries and the changes that it brought about in world balances in favor of the cause of socialism were, and still are, very important.

The PCI does not underestimate the role that the USSR plays at the world level. This role sometimes converges with the interests of the countries and peoples struggling against imperialism and reactionary regimes and for national liberation and independence, but at other times conflicts with those same interests or even openly violates them, as with the military intervention in Afghanistan.

7--The need for a "third way" in Europe stems from these historical events and from these theoretical reconsiderations. Those who suggest that the ideas, requirement and necessity of socialist change are obsolete are wrong. In fact it is old political and ideological molds that are obsolete--a particular conception of socialism, of the organization of the state and power and of relations with society. But it is the facts, the exacerbation of contradictions that jeopardize the future of human civilization and that capitalism can no longer resolve, that shows the need for socialism to be an objective requirement, a historical necessity. The "model" adopted in the Soviet Union and transferred to the eastern bloc countries is unrepeatable, and any separation of socialism from democracy, of forms of social ownership and control of the means of production from forms of democratic organization of political power, are unacceptable.

Indeed, it is also clear that we must go beyond the experiences of the social democratic parties. This, not only because of the negative elements, the submissiveness and the defeats of the workers movement embodied in their past and the failure to challenge the capitalist power structures, but also because the unresolved problems of the West are so different. The experiences and paths followed hitherto by social democracy, which have led to major social and civil gains in some countries, now seem frozen by the crisis in a model of development and consumption, the very crisis of the state and the new phenomena of alienation affecting broad masses. Hence the new quest--in countries ranging from France to Greece and from Scandinavia to Germany--for ideas and specific political and government programs. The present capitalist crisis--with its consequences for the people's masses and the threats that it constitutes to peace and to the future of democracy--demands more than ever that all the forces of the European workers movement commit themselves to a new road of socialism.

Western Europe can and must play a major role in the struggle to build a new international political order and a new world economic order. To do so it must set thorough reforms in motion at home. The conservative answers to the crisis shaking the developed capitalist societies are untenable and imply millions of unemployed, the stopping of the production forces, decline and subordination to the major capitalist powers.

8--The Italian Communists draw attention to the autonomous and positive role played by them in the debate, meetings and open exchange of views with the ruling communist parties, specifically with the CPSU. The PCI intends to maintain normal

relations with all Communist parties, as it does with all other socialist, revolutionary and progressive forces, without any special or privileged links with anyone and on the basis of absolute autonomy of thought and political action, without ideological, political or organizational ties.

The PCI confirms that it considers obsolete the idea of a homogenous Communist movement separate from the forces of the international workers movement as a whole, that is from the socialist, progressive and liberation movements. Hence the idea and practice of a new kind of internationalism exercised by a force such as ours, which is linked by its historical heritage, its culture and its political and ideological autonomy with all socialist, revolutionary and progressive experiences throughout the world. The Italian Communist believe that the maintenance and extension of these relations is an important precondition for helping to establish a policy of detente and peaceful coexistence and of friendly and mutually beneficial relations among the states and peoples and at the same time for advancing the ideas of democracy, progress and socialism as an autonomous option for every people.

9--The PCI--the party of Gramsci, Togliatti and Longo--is capable of coping with the trials that lie before it. Nor can we be deterred by the more or less petty attempts of those who are trying now, as on so many other occasions, to manipulate the very serious events in Poland for domestic political ends, to split the workers and peoples movement in the face of the current harsh class offensive aimed at damaging the democratic and social gains of our years as a republic.

Our struggle against and condemnation of these attempts is, and will remain, steadfast and resolute.

We must proceed along the path which we took a long time ago. Through an enthusiastic discussion and rational analysis of the problems, we must surmount not only vestiges of mythical and conservative viewpoints but also attitudes that would lead to the elimination of our historical and ideological heritage. We must defend and strengthen party unity centered on the most effective policy both for change in Italy and for helping to impart a new thrust to the struggle for socialism on a world scale.

CSO: 3104/73

## PCI PROPOSAL FOR ECONOMIC-SOCIAL POLICY SUMMARIZED

Rome L'UNITA in Italian 10 Dec 81 p 7

[Article: "The PCI's Economic Proposal"]

[Text] We are presenting here a long summary of the economic proposal drawn up by the PCI at the conclusion of a lengthy discussion that was held at the various levels of the party structure in recent months. It is the result of contributions from leaders, party members and economists who offered their services in helping draft the PCI's economic proposal.

## Directions and Objectives

## Planning

The planning crisis is political in nature and coincides with a crisis in government. Indeed, the implementation of democratic planning requires not only a strong political will but also some basic conditions: the first is given by the international situation and the government's foreign policy (a policy of detente and disarmament and a process of political and economic integration with the EEC and Western Europe). Domestically, the problems of government and the function of democratic institutions and public administration must be faced. The main conditions, then, are:

- (a) a policy of institutional reform for the democratic governance of the economy;
- (b) an expansion of economic democracy and reform of the labor market;
- (c) a solution to the problem of the schools and the development of scientific research.

## Government Reform

Planning policy ought not to be considered an ancillary, supplementary task to be entrusted to technocrats outside the fundamental framework of the democratic state. The authors of planning are, institutionally, the government and parliament on one hand and, on the other, the regions, with the concurrence of the system of local governments.

## Parliament

Bicameralism appears to be an obstacle and a hindrance to the work of parliament. The most rational solution would be a unicameral parliament. In that structure, an organization like the CNEL [National Council for Economy and Labor] would find its particular consultative function appropriately reformed. In any event, parliament has the duty to discuss and approve planning documents and, if it makes appropriate provisions for reorganization, it can acquire more effective power to direct and control the government, the civil service administration, and the machinery for governing the economy; it can also proceed to delegate many matters to the regions and local governments in a further effort at decentralization. A procedural reform is needed to provide for a true budget session in the context of a reform that would guarantee the parliamentary assemblies' work in each session.

## Government

The problem of stability is an aspect essential to making valid planning possible. This problem can be faced only in political terms. However, it is possible to consider the formation of commissariats for some sectors involved in achieving specific objectives; these commissariats would serve at the pleasure of parliament and be responsible to the cabinet in power. Also, to insure the government's effectiveness, it is necessary:

- (a) to reduce the number of ministries, by incorporating their functions or establishing departments that would coordinate the various ministries;
- (b) to enhance the power of the Council of Ministers;
- (c) to strengthen the role of the Council president;

As concerns the economy, it is necessary to have:

- (1) a ministry of the economy;
- (2) a ministry for national communications;
- (3) a ministry for industrial policy;
- (4) a ministry for agricultural production and the food industry;
- (5) a ministry for corporation business;
- (6) a ministry (or commissariat) for energy.

In this framework, the present ministries and administrations, numerous and fragmented as they are, would be consolidated.

## The Regions

The regions ought to be an integral part of state planning and reform. As it is, they have been reduced to the status of sector administrative outlets; they ought rather to play a major role in formulating planning objectives, and their relationship with the government ought not to be that of a mere agent but rather one that is inspired by planning objectives. Early reform of regional and local financing

must be achieved; the objective ought to be an integrated system of financing that will make it possible for the regions, provinces and municipalities to have an adequate and coordinated role in planning and appropriating funds.

#### Administration

To make administration efficient and productive, the concept of casual administration must be replaced essentially by that of planned action to meet definite objectives, thus cutting red tape and formal controls based on the acceptability of the act as much as the effectiveness of the activity.

In any case, guarantees of protection should be strengthened for the citizens, consumers and businesses by introducing avenues of appeal by the affected parties and opportunities for participation. Protective guarantees should also be strengthened for various interests through the particular powers of the organizations representing them (consumer associations, user committees, ecology groups, etc.).

#### Money and Credit

A major problem is the coordination between fiscal policy, the budget and monetary policy. The technical and functional autonomy of the Bank of Italy ought to be exercised in the pursuit of the primary objectives established by planning.

The relationship between the banking system and planning can go in two directions: cooperating in the fight against inflation, and mobilizing savings and directing them toward various categories of investment according to planning priorities. Credit institutions ought to be enabled to exercise fully their organizational, managerial and productive functions, leaving it up to the government and planning organizations to set social and political priorities.

#### State Participation

It is the state's duty to make policy options and oversee the results.

The management agencies of state-participation companies should be reorganized to create functional agencies:

The IRI [Industrial Reconstruction Institute] should be considered the agency for basic industry, strategic sectors and large infrastructures.

The ENI [National Hydrocarbons Agency] should exercise its primary function in the energy sector.

EFIM [Manufacturing Industry Holding and Financial Company] should be freed up by transferring manufacturing companies to the IRI.

On the basis of objectives set by the state in a contractual relationship with the political authorities, P.S. [State Participations] management has the duty to decide on industrial planning and business activity necessary to achieve these objectives. To this end, they must have as much operating autonomy as possible. Their work ought to be evaluated exclusively on the basis of budgetary results and the correlation between planning and performance.

## Economic Democracy

In all areas of economic life it is necessary to create new forms of participation and democracy. The system of industrial relations has so far been founded largely on unilateral decision-making; it ought to be based rather on consultation and the systematic contracting of issues concerning the organization of the production process. Generalizing this method of management involves making an appreciable change in company management criteria, spreading new forms of labor organization, abolishing old management hierarchies and recognizing the role of technicians, middle management and management; it also involves recognizing and fully implementing a strong and unified union organization in the factories with the power to make contracts.

The instrument for this can be the Business Plan as proposed by the CGIL [Italian General Confederation of Labor]; all companies ought to be obliged to present this plan if they receive public funds in any form.

Smaller companies need greater flexibility and contracts made at the sector or regional level. The public sector is a particularly important sector for holding significant experiments in democracy, including forms of self-management.

The third sector, cooperative or self-managed economics, though not an answer to all the problems of our economy, may be an innovation of great value. It is to be hoped that there will be closer cooperation between the union movement, the cooperative and artisanal movement, and farmers. In this context, the idea of a "solidarity fund" takes on a positive meaning; it would be funded by voluntary contributions from white-collar workers, cooperatives, and their associates for the development of cooperative and self-managed companies in the South.

## Schools and Scientific Research

The crisis in Italian schools has its roots not only in their outmoded structure but especially their irrelevance to the country's social and productive development. The problem of the relationship between schools and labor is thus a central one. Essentially, it involves getting away from the false opposition of cultural and technical schools. The school-labor relationship involves a renewal of academic organization and a thorough restructuring of the labor market.

As for the universities, it is important to establish a departmental structure that will break with the anachronistic structures of the old universities. The proposal should be implemented that would institute university diplomas corresponding to the actual demand for intermediate levels of specialization.

The severe lag in scientific research and technological innovation must be overcome by launching a national research program. The reform of presently existing instruments is decisive; the function of the CNR [National Research Council] especially must be reformed. Finally, more collaboration with the EEC is indispensable.

## Labor Market

A full-employment policy is a central objective, but it cannot be pursued without making structural changes in the labor market. Indeed, we are now faced with new phenomena and attitudes toward labor that go along with a general decrease in work opportunities. Thus, more than ever, action must be taken on both the demand and

supply sides. Of major importance is the proposal for a national labor service based on the integration of functions between the state and the regions and on the active participation of union organizations for the following purposes:

- (i) guaranteeing a minimum income (minimum guaranteed wage) to the unemployed, underemployed, and youth;
- (ii) insuring this guarantee to the workers by tying it, when necessary, to the type of business and by reforming the Employment Fund;
- (iii) trying new structures and forms of labor organization and stimulating public works projects to employ Employment Fund workers and young people in search of a first job;
- (iv) organizing more generally a democratic governance of association, job training and mobility. As for working hours, a further reduction to 35 hours a week can be pursued on the condition that it would be implemented and coordinated at the European level; otherwise, the Italian economy could not bear the cost. Part-time work limited solely to women workers is unacceptable.

Disciplining the cost of labor: real wages, an improvement in working conditions and in real compensation are the objectives of wage policy. Increases in real wages must be based somehow on productivity increases without returning to outworn experiments of the past, such as piecework.

The issue of wage indexation cannot be confused with that of the cost of labor nor considered as the main cause of inflation; rather it must be examined in the double context of wages-job training and wages-productivity and of the union movement's recovering its autonomous contract-making power. This should be linked to a reform in the structure of the cost of labor. Wage structures could then be articulated in three component parts:

the first would tie in living costs and be indexed automatically at 100 percent for all wage earners;

the second would be linked to the dynamics of corporate productivity and correlated with agreements to improve labor organization and technological innovation;

the third would be linked to job training.

Finally, a law is needed to approve liquidation indemnity.

#### New Social Organization

This is a series of proposals to improve the quality of life, which is a decisive element in the development program to transform Italian society.

In this phase, a guiding criterion ought to be the objective of decongesting urban areas and reaching a geographical balance. An efficient and widespread network of cultural services is needed as is a move by individual consumers toward collective consumption in many fields. In the service sector it has become urgent to define the forms and rules of the right to strike. It is necessary to experiment with forms of self-regulation that might be transformed into law as necessary.

Particular attention will have to be paid to modifying the system of working hours, to the protection of the environment and to a policy for the elderly.

#### Plan of Action

##### Reducing Inflation

It has been largely proved that it is ineffective and dangerous to resort to monetary policy in the fight against inflation. Anti-inflation policy must deal first and foremost with the structural causes of inflation in Italy.

Control of demand is inevitable in the short run, but it is essential that the qualitative content of such a policy liquidate any residual conception of indiscriminately restricting aggregate demand and that it pursue clear objectives of qualification; to do that it must abolish the two-tempo policy. In the short run, the fight against inflation must be conducted in such a way as to oppose and reverse the tendency to reduce employment. To do this, a private and public investment plan is needed, one that is located primarily in the South and is characterized by high employment rates, low impact on foreign accounts and highly restricted current expenses.

Public finances need to be brought under control by decreasing the proportion of current expenses, increasing outlays for investment, and following an effective anti-inflationary policy for prices and rates.

##### The South

The Southern issue is more pressing than ever and cannot be met with emergency measures but only by a national planning policy.

Among the principal causes of imbalance between the North and South are the functioning of Southern institutions and the quality of public expenditures they appropriate. The Fund for the South should be abolished and replaced by planning agencies under the control of the government and the Southern regions. There is no reason to have a ministry for the South. It should be made into an emergency fund with adequate financial appropriations. It would be the government's duty to approve a plan for the South extending over several years; the government would consider the recommendations of the Southern Regions Committee. The incentives policy should be extended even to the advanced tertiary sector.

Two other, qualifying points are the reconstruction of the earthquake zone and the extension of natural gas to the South.

Youth unemployment is particularly severe in the South and should be combated by: (a) developing cooperation; (b) regional and government planning to create stable salaried employment; (c) regional training programs.

##### Energy

The main objective is to reduce dependency on oil with options that provide the most strategic flexibility:

measures and investment for conserving energy;

the construction of new nuclear and coal plants;

the rapid realization of infrastructures for distributing natural gas;

the solution of problems concerning the supply of both natural gas and oil from producing countries.

All indigenous energy resources should be exploited as much as possible, and the use of natural gas should be made an objective. A minister (or commissar) of energy should preside over energy policy with the power to control the ENI, ENEL [National Electric Power Agency] and CNEN [National Nuclear Energy Commission].

#### Agriculture

It is decisive for the fight against inflation that Italy's dependence on foreign countries for agricultural, food and forest products be ended within a few years. The objective should be a substantial balancing of the agro-food budget. Agricultural policy should be articulated on an organic series of provisions: action concerning internal areas, general reorganization of corporate productive structures, provisions to solve land-tax problems, a program of capacitating and expanding the transformation industry, and a thorough reorganization and development of services, particularly in the Southern countryside.

The production problems and economic and social costs of the present EEC agricultural policy are incompatible with a national policy of extending the productive base. Substantial changes need to be negotiated: pricing policy must be adjusted; policy implementation structure must be strengthened; and a new productive balance and research plan are needed.

#### Industry

The foremost need is for a new industrial planning policy with various instruments: action concerning production factors, direct relations with individual corporations (development contracts), a public demand policy, and direct intervention. The state's basic contribution should come in the new strategic sectors of information processing, telecommunications and energy.

Law 675 on industrial restructuring and reconversion needs to be thoroughly modified. There is a need to provide for (a) horizontal intervention programs, (b) a revision of the present incentives policy, which ought to be applied objectively and automatically, (c) facilitation of investment in small and middle-sized businesses, (d) a capital fund for investment linked to submission of a business plan, (e) an innovation fund, (f) a research fund, (g) help to depressed businesses: abolition of the GEPI [Industrial Participation and Management Company] and modification of Law 787 to facilitate the formation of consortiums and updating tax exemptions for consolidation of the banking system.

State participation should have a clear role in a policy of reconversion and extension of the productive bases, provided that the general thrust of its activity is centered on the sectors that are lagging behind and that have the greatest impact on the balance of payments.

#### Small Business

In recent years, small and artisanal businesses have grown parallel to the crisis in big business, but an organic industrial policy has been lacking that would set forth a line of support for small, middle-sized and artisanal businesses. In

particular, it is necessary to take action to develop a qualified tertiary sector, to coordinate structures such as consortiums for export, exhibitions, and research centers; to develop a state participations program, to facilitate simplified accounting procedures, to modify incentives, to decentralize management at the regional level, and to undertake a radical reform of the Artigancassa [artisanal fund].

As for the underground economy, the objective is gradually to bring it "above ground" through a series of actions to alleviate problems and increase the possibility of access to credit as well as to institute controls reducing the area of tax evasion. In this effort, the union has an important part to play, while the union at the same time defends and protects the parallel labor market as it formulates its own initiatives.

#### Construction

It is necessary first of all to maximize the various forms of public intervention. The 10-year plan should be given a strong new impetus. A threshold scale should be established to make land available, but it should be free of red tape. The issue of resources should be met by making adequate public expenditures, mobilizing private resources in integrated programs, providing a new supply of credit, introducing savings plans and containing the costs of construction.

Rent control should be modified by making better use of indexing mechanisms, defining more realistically the causes for leaving, introducing the obligation to put vacant lodgings under rent control when there are more than two to a family. The law should also be revised concerning the various uses of housing.

#### Transportation

Improvements needed: railways; sea transport, with a large navigation and coastal trade project using the Tyrrhenian and Adriatic as two great natural channels for the domestic transportation of passengers and, especially, cargo; an advanced transportation organization in large cities and metropolitan areas using all means of transportation: rail, bus, streetcar and, rationally, private automobiles. In this context, it is indispensable to organize adequate use of resources and expenditures through the national Transportation Plan.

#### Tertiary Sector

Commerce needs legislative reform that will change its present characteristics of fragmentation, rare entrepreneurship and lack of associations. The PCI is eager to contest the organic law presented to parliament. As for the impact on prices, it is urgent that the CIP [Interministerial Price Committee] be reformed and an institute created for the analysis of costs and prices.

As for tourism, the main problem is protecting the environment and cultural wealth. Tourism legislation is needed to modernize and strengthen organization. Also, the time in which buildings are in use should be lengthened, possibly through a different method of organizing free time.

#### Public Finances

A continuous, multi-year plan is needed for an enlarged public-sector budget. Budget policy objectives should be the containment of current expenses and, especially, more efficient use of them to increase their productivity. To accomplish this,

it is necessary to pass a new law for regional financing and a policy law on public employment, to reform local financing, to reform the pension system, to modify health policy substantially to have it respect the spirit and letter of the reform, and to reform public assistance.

Tax policy: The main route toward increasing tax revenues must go for some years, at least, through the fight against tax evasion and erosion of the tax base. The tax charge on workers should be alleviated by combating fiscal drag. At the same time, the plateau effect of wage indexation and fiscal drag should be compensated for. The incidence of corporate contributions should be contained at the average of that of industrialized countries. Likewise, the tax structure should be revised. The IRPEF [family income tax] rate should be modified by adopting very broad income brackets. Separate taxation of family incomes should be preserved. As for income from land and factories, the real estate tax should be revised. Tax levies on agriculture should be revised. Also, it is necessary to include in the IRPEF tax base income from capital that is now excluded. Real estate taxation should be reviewed and simplified. As concerns legal persons, fixed-sum taxation should be eliminated as much as possible.

Control of demand: Capital formation should be used to expand the productive base and employment rather than the expansion of consumption that does not meet essential needs.

Social security: The basic problem remains that of immediately making a set of reforms designed to rationalize the system, make it more equitable, reduce its deficit, and insure a function for the INPS [National Social Security Institute]. The main points of this new orientation are:

- (a) gradual merger of all social security administration into a single bureau;
- (b) correlation of social security rules to eliminate the pension jungle;
- (c) institution of a single social security contribution that will remove from the cost of labor all extraneous social charges;
- (d) separation of public assistance from social security without violating the principle of solidarity but integrating more equitably the minimum-pension mechanism;
- (e) equalizing state financing of emergency contributions to the Integrated Fund;
- (f) reform of social security administration for self-employed workers, and equalization of contributions proportional to income.

Health care: Health care expenditures can be reduced by the following measures:

in the field of hospitalization: control of payments, reduction in length of hospital stays, reduction of payments in private-care cases, and price controls;

in pharmaceutical costs: cancellation of drugs that do not meet proven effectiveness requirements; analytical review of prices, and prohibition of medical advertising;

for contracted private or indirect services: introduction of rules that would limit their use to situations of actual necessity; public control of analytical laboratories; physicians' accountability.

Finally, the public assistance reform must be put into effect.

As for public rates, if prolonged stoppages are to be avoided, the necessary increases must be graduated and distributed over time. Thus, the administration of the companies will have to be improved. The costs to be taken as reference points must be necessary ones, not costs incurred by inefficient and corrupt management.

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## AP, OFFICIALS OF FRANCO REGIME MAKE COMMON CAUSE IN GALICIA

Madrid EL PAIS in Spanish 12 Dec 81 p 2

[Article by Anxel Vence: "Popular Alliance Supported in Galicia by High-Ranking Francoists"]

[Text] Santiago de Compostela--High government officials of the previous regime, together with persons with direct responsibilities in the apparatus of Popular Alliance in Galicia, are forming the nucleus of the autonomous government, the composition of which this party will make known shortly before the constitutive meeting of the Galician parliament, set for 19 December.

The resolution of an incipient internal crisis which brought the secretary, Jose Luis Barreiro, and the president of the electoral committee, Luis Ortiz, up against a majority of the members from the province of La Coruna, has allowed the first two men to have the upper hand in forming the new board, once participation of the Democratic Center Union in the government was ruled out.

Jose Manuel Romay Beccaria, under secretary of government in the ministry which Manuel Fraga headed in the first government under the monarchy formed after the death of Franco, will presumably be the chief executive official of the autonomous government from his position as vice president and councillor of justice. The admitted inexperience of the president, Gerardo Fernandez Albor, together with the limited ties which he maintains with direct party activity, appear to indicate that this role within the government he will be directing will be an essentially representational one.

#### Ex-Housing Director to Territorial Organization

Organization of Territory, the most important councillorship because of its broad jurisdiction, will be filled by Angel Mario Carreno, former director general of housing from the Ministry of Public Works. Carreno, under fire from broad sectors of the party, which could force his resignation in favor of the president of the semi-official "Sigal" society, Alberto Baltar, will strengthen the position of the present leading group of the party on the board--and especially that of Luis Ortiz, who is his personal friend.

The appointment of Jose Luis Barreiro as secretary general of the Galician government--a key post from the administrative point of view--completes the control of the present leading nucleus over the main centers of power in the autonomous institution.

Ortiz and Barreiro, who are credited with the internal reorganization of Popular Alliance as well as the creation of the new democratic and regionalist image which has brought his party to victory in Galicia, will, however, have to face opposition from certain sectors which do not agree with current plans.

Although no organized group exists like the one which champions the political projects previously supported by AP in Galicia; it is plain that there are attempts under way to put together a platform which would make many discontented old militants support the work of Luis Ortiz.

The operation would be centered around La Coruna deputy Maria Victoria Fernandez Espana, and would attempt to capitalize on the prestige that the vice president of the Congress has achieved within Popular Alliance.

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## RIGHTWING GENERAL CALLED TO MADRID BY ARMY'S JCS

Madrid EL PAIS in Spanish 15 Dec 81 p 17

[Article by Miguel Angel Aguilar: "Gonzalez del Yerro Appears Before the Army Chief of Staff, Lt Gen Gabeiras"]

[Text] The captain general of the Canary Islands, Jesus Gonzalez del Yerro was called to Madrid by the army chief of staff, Lt Gen Jose Gabeiras Montero, who received him in his office yesterday morning for the period of an hour, during which time they discussed "matters relating to the operation of the captaincy general of the Canary Islands, and other strictly military questions," according to Defense Ministry sources.

General Gonzalez del Yerro has made news in the press in recent weeks, because of the contacts he has had in Madrid with rightist political leaders like Alfonso Osorio and Oscar Alzaga, about which the president of the government was questioned in the press conference that he held last 21 November.

Leopoldo Calvo Sotelo admitted that he had been informed about the general's holding those political meetings outside the area of his territorial jurisdiction after they had happened, but he indicated that he did not consider them as important as some of the media did. More recently, on Friday 11 December, the leader of Popular Alliance, Manuel Fraga Iribarne, told journalists in Santa Cruz de Tenerife that he had met with the captain general of the islands. He also referred in the presence of the reporters to the need for introducing changes into the present makeup of the Joint Chiefs of Staff (JUJEM). It seems that on Saturday 12 December King Juan Carlos received the president of the government and the minister of defense in the Zarzuela Palace, together with the Joint Chiefs of Staff. That group is headed by Air Force Lt Gen Ignacio Alfaro Arregui, and is composed of the army chief of staff, General Gabeiras, the navy chief of staff, Admiral Arevalo, and the air force chief of staff, General Emiliano Alfaro. Acting as secretary was the chief of the Joint Staff (Emacon), Vice Admiral Tomas Clavijo Navarro, who also came to the Zarzuela on Saturday.

The meeting of the JUJEM with the minister of defense, the president of the government and the king has no organic character, and observers think that it was devoted to informing Juan Carlos about recent events in the military field which took place while he was away travelling through the United Arab Emirates. The event which has attracted the most attention from the media in this area is

the so-called "manifesto of the 100," signed by officers and non-commissioned officers. Sources which were consulted agreed that that was without doubt one of the matters discussed in the Zarzuela meeting.

#### Summoned on Saturday

The Europa Press agency has been able to confirm that General Gonzalez del Yerro was called to Madrid last Saturday by the army chief of staff, who is his immediate superior in the chain of military command. It is believed that the summons took place once the meeting with the king was finalized, that is, after 7:00 pm. The captain general of the Canary Islands arrived in Madrid on Sunday night in obedience to that summons, and was received by Gabeiras in his office at the army headquarters at 11:30 am yesterday.

The appearance of Gonzalez del Yerro in Madrid has been interpreted in different ways. Some have construed it as anticipating a promotion. Others, on the contrary, think that the call could be a warning. In any case, if the first possibility is true, Gabeiras would not be the proper one to announce it, because everything having to do with promotions and posting of generals is the responsibility of the Council of Ministers. Moreover, as has been reported recently, Gen Gonzalez del Yerro does not have enough time left on active duty for it to be logical to name him as a member or president of the JUJEM.

The action taken by the "general staff" of the coup group by means of the "manifesto of the 100" has not up until now received as much formal support as had been expected because of the rapid and energetic stand of the JUJEM. However, military experts assured EL PAIS that new moves are being prepared. Lorenzo Contreras, in yesterday's HOJA DEL LUNES, makes reference, for example, to a statement of support from the most notable person on trial for the events of 23 February, Lt Gen Jaime Milans del Bosch.

#### Two Upcoming Dates

The actions of the pro-coup group are part of a very carefully drawn-up plan which is now looking toward two upcoming dates: 20 December, the day on which the signers of the "manifesto of the 100" will end their period of house arrest, and 6 January, the day of the military holiday celebration. As the hearings for the trial of those indicted for the 23 February approach, an intensification of the campaigns of the apparatus which supports them can be expected. In contrast, up until now no appropriate response has been detected from the authorities, the high command and the government.

Regarding the trial, the government has answered the question of Socialist senator Javier Paulino in the "Parliament Gazette" about the "discrimination to which some civil guards have been subjected." The senator charges that 45 guards who took part in a non-authorized demonstration were expelled from the corps, while the members of that institution which made an assault on the Congress of Deputies are continuing on in their ranks. The government's response refers to the February 81 case, and makes it clear that until it is closed the government will not be able to carry out any other proceedings.

"The pro-coup group must remember that New Force and Spanish Democratic Right, the parties which represent rightist positions which are opposed to the system, did not even receive 2 percent of the votes in any of the elections up until now," as former Vice President Fernando Abril Martorell declared in Gandia on Sunday.

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## GOVERNMENT, KING MAY DECIDE SHIFTS IN TOP MILITARY POSTS

Madrid EL PAIS in Spanish 13 Dec 81 p 15

[Article by Miguel Angel Aguilar: "Possible Changes in Command Structure of Armed Forces"]

[Text] King Juan Carlos held a meeting yesterday between 1630 and 1830 hours in the Zarzuela Palace with the president of the government, the minister of defense and the Joint Chiefs of Staff. Official sources called it "an informative working session," and it is thought that military policy was discussed. Information sources insisted that the meeting yesterday presided over by the King was a normal type. However, this kind of meeting does not fall under legal provisions currently in force, because it took place outside the working plan of the JUJEM [Joint Chiefs of Staff]; nor can it be considered a meeting of the National Defense Board, since that body's constitution would have required the invitation of the vice presidents of the government, and the ministers of foreign affairs, economy, treasury, interior, industry and energy, health and social security, and transport and communications.

In matters of national defense, the functions of the king, conferred on him by the Constitution, concern the Royal Statutes and other laws; most importantly, he is supreme commander of the armed forces. The president of the government is responsible for directing and coordinating the action of these forces, in matters of defense as well as leadership in war, assisted by the National Defense Board. The minister of defense is in immediate charge of arrangement and coordination of defense policy and the execution of appropriate military policy. The government directs military administration.

Air Force Lt Gen Ignacio Alfaro Arregui heads the Joint Chiefs of Staff (JUJEM) which is made up of the army chief of staff, Gen Jose Gabeiras Montero, the navy chief of staff, Adm Luis Arevalo Pelluz, and the air force chief of staff, Gen Emiliano Alfaro Arregui.

Last Thursday the leader of Popular Alliance, Manuel Fraga, made some statements in Tenerife (see EL PAIS of 12 Dec 1981), and declared that he was in favor of making some needed changes in the JUJEM, in view of the personal experience of what has happened in recent months. The statements have been called inopportune, and even destabilizing, because they were made public at a time when the high command should be given maximum support, so that it may exercise its authority.

However, opinion favoring a broad change in the makeup of the JUJEM surfaced much earlier--at the end of February--and it is supported by persons having great influence in the military field.

It had appeared that the promulgation of Law 20/1981, which created the Active Reserve and set retirement ages for professional military personnel--published in the OFFICIAL STATE GAZETTE of 11 July--would offer the opportunity to carry out the hoped for changes. Both the president of the joint chiefs, Ignacio Alfaro, and the chiefs of staff of the navy and air force have already served more than 10 years as general officers, which is intended to be one of the grounds listed in article 4 for passing to the condition of active reserve.

These expectations were dashed by the first temporary provision of that law, which empowered the government to determine the time frame and standards using in applying it, to reach completion in a period of 6 years. The Ministries of Defense and Government, in short, chose once more--as staff experts explained to EL PAIS--to simply be passive onlookers, using mechanical rules, without making use of the discretionary edge which the laws grant them to create the dynamics needed to attain these important objectives.

#### Candidates to Head JUJEM

It is thought in military circles that as part of the expected changes an army lieutenant general should be named as head of the JUJEM, thus recognizing that service's importance within the armed forces as a whole. The chief of staff of the army, Gen Jose Gabeiras Montero, passes to active reserve status next 23 April.

Two names to be his replacement have been circulated--that of Ricardo Arozarena Giron, present captain general of Catalonia, and Jose Luis Aramburu Topete, head of the Civil Guard--although the government has not made its decision, and a third candidate could be introduced at the last minute.

Jesus Gonzalez del Yerro, in whose behalf a certain amount of pressure has been brought, and who was recently in the news because of his political contacts in Madrid, has been definitely ruled out, because the date of his passage to the active reserve, set for next 26 June, is so near that he would not have time to carry out any substantial work.

General Gonzalez del Yerro, according to sources who know his military career well, is handicapped by his refusal of two commands which were offered him: that of the then Armed Police, when General Aguilar Carmona was fired--because of a strike in 1978--and that of the Civil Guard, after the dismissal of General Fontenla because of his statements to the press regarding the military nature of the corps. In circles close to the president of the government it is thought very possible that Gen Alvaro Lacalle Leloup will be promoted, although his former links with the New Force could reduce the possibility, according to some.

Besides the changes in the JUJEM, other posts in the military hierarchy should be filled soon. One of these is that of chief of the King's Household Guard, a position occupied up to now by Gen Joaquin Valenzuela, who has already recovered from the assassination attempt he suffered, but who has passed to the active reserve.

The recent passage to that same status of the captain general of the Balearic Islands, Manuel de la Torre Pascual, leaves open a vacancy which--according to Manuel Munoz, EL PAIS's correspondent in Valencia--will be filled on the 18th of this month by Antonio Pascual Galmes, present captain general of the 3rd Military Region, headquartered in the city of Turia. That same report adds that Gen Rafael Allendesalazar could be named to replace him in Valencia. He has been commanding the Urgel Mountain Division, and before that the military government of Madrid, where he remained completely loyal on the 23 of February. According to the correspondent, another candidate for the captaincy general of Valencia could be Gen Jose Saenz de Santamaria, current inspector of the National Police, who is due to be promoted very shortly.

In Valencia the transfer of the captain general was considered very probable, and it has been confirmed by the disclosure that when he visited Cartagena last Friday Gen Pascual Galmes said farewell to the garrison and the military authorities. It seems that his wish to finish out his military career in the Balearic Islands is related to his own Majorcan origin.

The fact that there is a captaincy general in the Balearic Islands is, according to military experts, one of the absurdities of the present territorial organization of the Armed Forces. In fact, it seems out of balance to have no less than an Army lieutenant general in charge of a garrison of no more than 3000 men in the whole archipelago. At one time the president of the government referred to his intention of changing that territorial organization, as well as the current deployment of forces, but no steps are known to have been taken.

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## POSSIBLE CLOSURE OF EL ALCAZAR RUMORED

Madrid EL ALCAZAR in Spanish 26 Nov 81 p 1

[Article by Antonio Izquierdo: "News in EL ALCAZAR"]

[Text] Just when Mr Oliart, the minister of defense, had finished making the strange statement that the armed forces are in the service of the government a confidential report arrived in my hands, to which I will allude with maximum clarity and calmness. The politicians of the transition have discussed many things with the armed forces, they always turn to them, although on most occasions with as little luck as Mr Oliart had at the awarding of the Navy Merit Crosses in the navy headquarters. Moreover, Mr Oliart is forgetting the text of the Constitution, or unfortunately is confusing the verbs "to serve" and "to obey." The armed forces are in the service of the nation.

When it comes to statements, the present department minister is going to win the prize; he is still happily rejoicing over his "tranquilizing" operation for the captains general on the occasion of the broadside, the provocation, the challenge which Mr Arzallus threw out, in short, to the very government of the nation itself.

However, I do not want to talk about Mr Oliart, so picturesque, so pure, so poised; but about that confidential note which arrived on my desk. According to that information source, Lieutenant General Jose Gabeiras Montero has taken a poll among all the captains general in order to find out, through them, what would be the possible reaction of the garrisons under his command in case the Executive Branch, or its Chief, should decide--in an endeavor which would be the culmination of a rough siege--to close down EL ALCAZAR. It would be very tempting to imagine that Jose Gabeiras Montero's curiosity is related to a report published in the news section of this publication which had to do with the professional relations of a very close family member of his. I do not deny that that report, ironic or harmless, and in no way aggressive or untrue, may have contributed to his putting a certain amount of enthusiasm into the action. But the end result is something else. EL ALCAZAR, which proclaims the truth in Spain with stubborn resistance--the truth about its people, the truth about the problems its inhabitants face, above and beyond the dark business of politics--has made itself inconvenient to those who are participating in the unthinkable dismantling of this great nation of ours, or in its shabby conversion into all kinds of nationalities, regionalisms, autonomous bodies, independent governments, different flags, collateral parliaments...

While all this has been going on, EL ALCAZAR has grown sufficiently to be able to revitalize the repeated miracle of the Plaza de Oriente, and to gather together there an honest multitude which agrees with us that politics and the politicians are one thing; and that Spain and the Spanish people are another very different thing. What could the excuse be for closing EL ALCAZAR? With power everything is possible, the unforgettable Ismael Herraiz used to say to me time after time. There always are administrative pretexts capable of killing a newspaper which enjoys very good health! Moreover, I have followed the transition day by day, and I have seen this preliminary approach to the armed forces ever so many times. When this report--which in principle I consider trustworthy--came to me it stirred up something from deep in my memory. In September 1976 the vice president of the government for defense matters, Fernando de Santiago y Diaz de Mendivil, was consulted regarding a labor union reform (decreed through a Decree Law, with harsh contempt for institutional order). The illustrious soldier realized then that this Decree Law was completely unworkable according to the laws of the constitution which provide for the armed forces themselves, and he offered his resignation. Later came the reform itself, offered by a Spanish Parliament which was stammering and defeated in advance, except for that historic fraction who preferred to renounce political life rather than to sell their souls and their minds to the merchants. And then--all the rest! After a recourse to the Supreme Court of Justice, which removed itself from the case, Adolfo Suarez legalized the Spanish Communist Party: it was no longer necessary to consult anyone. Enough justification was found in a report from the Royal Prosecutor for the Minister of the Interior--holding that it had not been proved that the Communist Party "was totalitarian and maintained ties of allegiance abroad" to let it operate freely. This was the same as cancelling the Victory of 1939.

Then the High Council of the Army was convened, headed by the then Central Chief of Staff, Lieutenant General Vega Rodriguez, who, because of the illness of the minister of the army, adopted a series of theoretical resolutions which are amply recorded in our files. Vega silently resigned. Everything remained the way it was.

Later the pace quickened, and one obstacle after another was torn down; even permitting the renewal of the LOAPA [Organic and Harmonious Law for the Autonomies] instead of which the LOAPA revived the anarchism of the autonomies! Without encountering serious problems and within a climate of irrationality, in spite of the snakes-in-the-grass, the transition is keeping up its triumphant pace. Even Suarez has fallen! Only EL ALCAZAR remains; and I think it is more and more possible that the consultation with the captains general about our disappearance may also be like those soundings before the ones that came afterward, when fears were still afoot, before the great national defeats occurred during the last 6 years. It is a good theme to reflect upon. But it also could be a warning, like the one coming from the Plaza de Oriente. In any case, nothing would be more pleasing to this newspaper and to its readers than a denial from Lieutenant General Gabeiras.

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